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NEWS SUMMARY

GENERAL

Lords reprieve business register

The Government was defeated by six votes in the House of Lords on a proposal to scrap the register of business names under the Companies Bill.

Lord Lloyd of Kilgerran, Liberal, said consumers would lose a valuable weapon for keeping watch on dishonest traders. Page 10

Hayman ruling

Attorney General Sir Michael Havers told the Commons he agreed with the advice of Director of Public Prosecutions Sir Tony Hetherington not to prosecute diplomat Sir Peter Hayman and others for obscene correspondence.

Maze fast widens

Two more IRA prisoners will join two on hunger strike in Belfast's Maze prison for political status, Provisional Sinn Fein said.

Trawler sunk

Search was called off for the Scottish trawler Celerity and its crew of six from Buckie, which has now lost 22 fishermen in 11 years.

Marches banned

Home Secretary William Whitelaw banned marches in Leeds, but the National Front said a planned demonstration would take place in another, unnamed, Yorkshire town on Sunday.

Mother's victory

British-born Mrs. Anwar Ditta wona six-year battle with the Home Office to bring her children from Pakistan.

Games threat

Auckland will not be allowed to host the 1990 Commonwealth Games if a South African rugby tour of New Zealand goes ahead, said Abraham Ordia, president of the Supreme Council for Sport in Africa. Anti-apartheid appeal, Page 3

Priest jailed

Roman Catholic priest Vincent Forde was jailed for 12 years by Dublin's Special Criminal Court for leading a £46,000 armed bank raid.

Bristol riot trial

A Bristol jury acquitted three accused of riotuos assembly in the St. Paul's area of the city last April.

Gulf war battle

Iranian revolutionary guards said they knocked out 30 tanks and killed 100 Iraqis near Susangerd.

Maastricht demo

Trade unionists from three countries will demonstrate about unemployment during next week's EEC summit in Maastricht, Holland, Dutch union officials said.

Biggs 'stunt'

Brazilian police said the reported kidnapping of Great Train Robber Ronald Biggs was believed to be a publicity stunt.

Briefly . . .

Moshe Dayan said he would almost certainly lead a new party in Israel's June general election.

American couple set out from Casablanca for Florida in a rowing boat.

Government is to spend £430,000 on a publicity campaign for the 1981 census in April.

Space shuttle worker at Cape Canaveral died after a dress rehearsal of launch procedures.

BUSINESS

Gilts rise sharply; Equities add 5.6

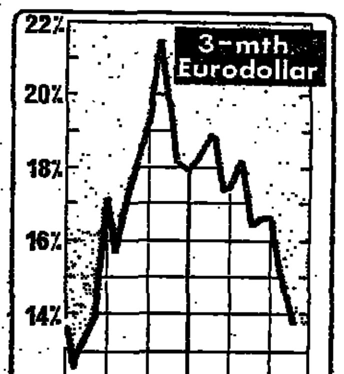
● **GILTS** rose sharply to the highest level for 3½ months. The Government Securities Index was up 0.34 at 70.32. Back Page; Market Report, Page 34

● **EQUITIES** continued their advance, as optimism increased over another cut in domestic interest rates. The FT 30-share index rose 5.6 to 496.7. Page 34

● **STERLING** rose 20 points to $2.2815 in London, but was slightly weaker against European currencies. Its trade-weighted index was unchanged at 100.2. Page 30

● **DOLLAR** continued to lose ground, closing at DM 2.0490 (DM 2.0580) and SwFr 1.8675 (SwFr 1.868), but firmed to Y208.75 (Y207.7) against the trend. Its trade-weighted index was 98.3 (98.5). Page 30

● **EURODOLLAR** interest rates continued to fall, in sympathy with easier money market conditions in New York. The three-month rate fell to 13¼ per cent, for a decline of about 1¼ points from its level at the end of last week. Page 30



● **GOLD** fell $1 to $508.5 in London. Page 30

● **WALL STREET** was down 3.34 at 990.72 near the close. Page 32

● **FRANCE** will strengthen customs surveillance of textile imports to reduce the pressure of low-price competition. Page 5

● **TRADING PRACTICES** known as "tie-in" sales or "full-line forcing" do not need to be regulated by new legislation, the Government decided. Page 9

● **BL CHAIRMAN** Sir Michael Edwardes has almost completed arrangements expected to raise his annual salary to about £100,000. Page 9

● **UNIT TRUSTS** have taken in more net new money in the first two months of this year than throughout 1980. Page 9

● **PHILIPS**, the Dutch electrical group, recorded a 42 per cent fall in its net profits last year to Fl 328m (£63m). Back Page

● **GENERAL MOTORS-HOLDEN**, Australia's biggest vehicle maker, reported an A$129.8m (£67.6m) loss for 1980, against A$4.62m profit. Page 29

● **VEBA**, West Germany's biggest industrial concern, is maintaining its 1980 dividend despite a 10 per cent fall in pre-tax profits to DM 1.32bn (£281m). Page 28

● **SARABEX**, the London money broker owned by Arab interests, is negotiating the sale of its assets. Talks have been held with the Bank of England and an unnamed buyer. Page 24

● **CADBURY SCHWEPPES** expanded pre-tax profits by £4m to £61.3m for 1980. Page 26; Lex, Back Page

● **TRICENTROL**, the UK independent oil group, will hive off its commercial interests under new demerger legislation. Back Page; Results, Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 13% 2000 £99¼	+	1
Anderson Strathclyde 87	+	6
Avon Rubber 103	+	5
BPB 265	+	16
Barratt Developments 339	+	9
Billam (J.) 86	+	12
Boddingtons Breweries 123	+	12
Bowater 211	+	6
Cadbury Schweppes 83	+	5
Camford Eng. 24	+	5¼
Chubb 91	+	5
De Vere Hotels 230	+	16
Elder Smith 195	+	17
French Kier 63	+	5
Geers Gross 112	+	10
Goldman (H.) 46	+	5
Granada A 232	+	8
Hall Eng. 170	+	15
Hawker Siddeley 290	+	10
Hepworth Ceramic 112	+	9
Home Counties Newspapers 58	+	5
Howard Machinery 35	+	5
Johnson Matthey 253	+	15
Kwik Save 200	+	10
Ladbroke 286	+	12
Liverpool Daily Post 115	+	25
London O'seas Freighters 42½	+	5
Man. Agency & Music 198	+	10
Pearson (S.) 202	+	9
Plessey 332	+	6
Steetley 181	+	11
Tube Invs. 196	+	8
Waring & Gillow 136	+	8
Tricentrol 306	+	18
Impala Platinum 410	+	5
Tanks Con. 312	+	12

FALLS

Bejam 111	−	4
Plaxton's 130	−	13

Government to rescue ICL by £200m loan guarantee

BY GUY DE JONQUIERES

THE GOVERNMENT is to come to the rescue of ICL, Britain's troubled large computer manufacturer, with a £200m two-year loan guarantee. It also plans a modest increase in aid for the company's research and development programme.

The decision follows several months of increasingly desperate attempts by the Government to find a private-sector rescuer for ICL, whose financial performance has deteriorated drastically since the middle of last year.

Sir Keith Joseph, the Industry Secretary, told the Commons yesterday that the aid was intended to give the company a breathing space in which to "review its longer-term business opportunities."

He justified the move, which will require Parliamentary approval, on the grounds that Government Departments were vitally dependent on ICL computers. The company is the Government's biggest supplier of data-processing equipment, valued at more than £300m.

But there were indications that the Government was still far from satisfied that the company would be able to achieve a recovery under its present management, which has been widely criticised in the City and Whitehall recently.

Mr. Kenneth Baker, Minister for Industry, declined to express his full confidence in the management yesterday. He would only say: "ICL will require a strong management team for the period ahead. The Government and the banks will be monitoring the company's performance closely."

Asked whether he expected changes in the management, headed by Mr. Philip Chappell, the chairman, a former merchant banker, he replied: "Not immediately."

The Government's action is believed to have been triggered by a special report by accountants Touche Ross, showing that ICL's financial position and near-term prospects were even worse than feared.

Joseph stresses limit on aid for ICL, Page 10
Editorial Comment and Feature, Page 20
Lex, Back Page

Mr. Baker indicated that the report, delivered to the Government last Friday, calculated that ICL's cash outflow this year would be close to £150m. Until now the company has admitted publicly to an outflow of only about £60m for the year.

Sir Keith emphasised yesterday that the loan guarantees were intended only as a temporary measure, and there still appears to be some hope that ICL may succeed in finding a private-sector partner.

In spite of earlier suggestions that the Government would prefer a solution involving only British interests, Mr. Baker seemed to leave the door open to the possibility of a future link-up between ICL and a foreign company.

He stressed that the computer industry was becoming increasingly international, adding: "The days when you hoisted a very clear flag over this industry are over. I think my counterparts in other countries would agree."

The loan guarantee will cover up to £200m of new borrowings by ICL from its four major banks, Barclays, Midland, National Westminster and Citicorp.

It will be on top of existing borrowing facilities of £70m, which the banks have agreed to extend as part of the rescue package. Mr. Baker said that most of these facilities had already been drawn upon.

The Government was examining several proposals for ICL research and development projects which it might start. If approved, these could raise the amount of Government aid to £10m-12m in the coming year from £6m-8m at present.

Richard Evans writes: Sir Keith's statement was broadly welcomed by MPs, but many Conservatives were uneasy at the precedent that might have been set should ohter companies approach the Government for financial guarantees under the Industry Act.

The main concern was whether more taxpayers' money was being made available after Sir Keith's decision to aid BL and British Steel Corporation, and the Government decision to give way to the miners.

Sir Keith's assurance that the guarantee for up to £200m would not lead to any public expenditure unless it was called, and that he did not expect this to happen, partially met his critics' fears.

There remained a belief among some backbenchers that his Department has no coherent industrial strategy.

Mr. John Garrett, an Opposition spokesman on industry welcomed the statement, but said that such limited temporary support was no substitute for a policy for information technology.

He belived that ICL's difficulties were the result of the high value of the pound, the effect of interest rates and the decline in demand caused by the slump in capital investment.

Citibank incurs £31m UK loss

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

CITIBANK, THE New York international banking group, incurred pre-tax losses of £31m ($75m) in its UK banking operations in 1980.

Losses of this scale are virtually unprecedented in UK banking, and result from unsuccessful anticipation of movement of Eurodollar interest rates last September.

The 1980 losses contrast with profits before taxes and securities transactions of $75m and $60m respectively in 1979 and 1978.

The figures are disclosed in the latest annual report of Citicorp, the group's U.S. holding company, which shows that with U Kassets of $13bn Citibank is the sixth largest bank operating in Britain.

These assets, in turn, account for about a sixth of the group's total assets.

Citicorp has already reported that group income before taxes and securities transactions was slightly down for 1980, at $844m.

Mr. David Van Pelt, chief executive of Citibank in the UK, said yesterday that the losses neded to be seen in the context of the group as a whole.

"Essentially these losses are related to interest rates. In September last year we anticipated that rates would start to go down. We purchased money to fund our commitments on that premise, and as it turned out we were wrong."

Mr. van Pelt said that it had been felt that the risk undertaken was a prudent one. "We got it right in 1979."

Citibank was organised on a "reasonably decentralised basis, Mr. van Pelt said. Accordingly, individual country managements had considerable freedom within certain limits of risk-taking. The U Khad a large limit because of its importance in the group.

Another senior Citibank executive commented: "You can take it for granted that we earned no bouquets for our performance last year." Management had learned some lessons.

Gilts reach 3½-year high, Back Page

U.S. may ask Botha for official visit

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. Administration is considering inviting South Africa's Prime Minister to visit Washington officially either before or after elections in South Africa on April 29.

Mr. Alexander Haig, Secretary of State, indirectly confirmed during Congressional testimony a report to this effect in yesterday's Washington Star.

He stressed, however, that the internal debate was confined to State Department desk officers and had not reached "my level."

Mr. William Dyess, State Department spokesman, said: "We have no plans to issue such an invitation, and I don't know where that report came from. I know of no consideration of such an invitation."

Any invitation would constitute a radical shift in U.S. African policy. No South African head of government in the post-war years has visited the U.S. officially because of U.S. distate for apartheid. No recent Administration has admitted entertaining the possibility.

The thrust of President Ronald Reagan's foreign policy has been to subjugate "local" concerns—in this case civil liberties in South Africa and Namibian independence — to fighting what it considers brazen brazen Soviet and Cuban imperialism.

It would be logical to enlist the support of a staunchly anti-Communist nation such as South Africa and its present Prime Minister, Mr. Pieter Botha. Much as the Administration has moved to mend fences with Chile and Argentina.

The U.S. is reported to be considering a way of tempering the inevitable outrage such an invitation would cause among black African states by simultaneously asking a prominent black African leader, for example, President Shehu Shagari of Nigeria, to Washington.

Diplomats here doubt that President Shagari would accept such an offer unless he received categorical asusrances that the U.S. was still intent on pursuing an acceptable settlement giving Namibia independence.

The U.S. willingness to enter strategic rapprochement with Pretoria has been apparent for weeks. President Reagan said in a TV interview this month that South Africa, an ally in wartime, should not be "left in the lurch"

Black states seek aid against South Africa, Page 3
Editorial comment, Page 38

Banks' computer centres face 24-hour stoppages

BY NICK GARNETT, LABOUR STAFF

COMPUTER CENTRES belonging to Lloyds and Barclays Banks will be hit next week by a 24-hour stoppage of computer staff members of the Banking, Insurance and Finance Union.

The union's executive said yesterday that this will be the first stage of a three-phase campaign of industrial action following the breakdown of pay negotiations over the English clearing banks final offer of 10 per cent.

The effect of the stoppages next week will be felt more by the banks than by their customers. If the strikes do not move the employers, the union will ballot several thousand members in clearing bank branches and in the cash centres which replenish stocks of money held by the branches.

This action could involve one-day stoppages together with a work-to-rule and overtime ban. Further action would involve more staff and cause more stoppages in computer centres, the union said.

Next week's action will involve about 1,000 clerical and data processing staff at Lloyds' Sampson House centre in London. They are being brought out for 24 hours from 10 pm on Monday.

The strike at two Barclays centres in Gloucester and Manchester will involve about 200 computer operators who are being brought out for 24 hours from 4 pm next Thursday.

The union said the action will halt these computer centres and create delays of up to two days in updating of accounts. It said that it would seriously disrupt or halt cashpoints but customers will generally be able to use bank branches normally.

Mr. Leif Mills, BIFU general secretary, said the position was "critical." Relations at the banks were "at an all time low."

The clearers are determined to dig in and resist industrial action. They have suffered disputes with BIFP over pay for the past two years. On both occasions they came out of the disputes badly.

Bank chairmen appear to have decided that the banks will simply have to take the consequences of the strikes in the chin. The banks have been discussing contingency plans for dealing with any serious escalation of the dispute.

The Clearing Bank Union is balloting its grade 1 to 4 members on the offer. Although its negotiators have rejected the 10 per cent, the ballot includes no recommendation.

Bank union urges tax block, Back Page

Cluff buys Spectator

By Alan Pike

THE Spectator, the political weekly, has been bought by Mr. J. G. "Algy" Cluff, the Yorkshire-born North Sea oil millionaire.

Mr. Henry Keswick, who has owned the paper for the past three years, announced the sale yesterday. No price was disclosed but it is known that the Spectator is making a loss. Weekly circulation is about 17,000.

Mr. Alexander Chancellor will remain editor

Mr. Cluff, who once stood as a Conservative candidate in Manchester, made a fortune from North Sea exploration and recently bought a private island in Poole Harbour.

Men and Matters, Page 20

£ in New York

—	Mar. 18	Previous
Spot	$2.2920-2940	$2.2620-2640
1 month	0.12-0.17 pm.	0.38-0.45 pm.
3 months	0.60-0.70 pm.	1.25-1.35 pm.
12 months	3.10-3.30 pm.	4.30-4.50 pm.

Union Wine shares suspended

BY JIM JONES IN JOHANNESBURG

TRADING was suspended here yesterday in the shares of Union Wine, a leading South African liquor retailer, after two days of hectic market dealings left investors facing losses of millions of rand and threatened at least one stockbroking firm with closure.

Activity in the shares started to build up on Tuesday, when brokers acting for Cape Wine and Distillers, a large drinks manufacturer, began buying Union Wine shares to block an earlier bid, worth 200 cents (£1.13) a share, for partial control of Union Wine. The same day 1m Union Wine shares, equivalent to a quarter of the company's capital, changed hands while the price rose from 235 cents to 475 cents.

On Wednesday a further 500,000 shares were dealt in, and the price soared to 1,360 cents. Yesterday it briefly hit 1,900 cents (£10.76) before the stock exchange suspended trading at 1,470 cents.

The episode seems certain to become a classic of Johannesburg Stock Exchange lore. On Tuesday many investors, seeing Union's share prices move ahead of the 200 cents bid price, decided that a quick profit could be made in "shorting" the stock.

They contracted to sell shares they did not own, hoping to buy them back at lower prices for delivery before settlement day next Tuesday. They failed, however, to realise that a strong buyer, Cape Wine, was supporting the price in the market and that far too many Union Wine shares were changing hands for this tactic to work.

When that realisation struck the unlucky investors panic developed, with short sellers scrambling to cover themselves at any price this side of bankruptcy. By that time other short sellers were still trying to clim baboard what appeared to me a sure winner. The process then snowballed.

The original 200 cents bid for Union Wine came from Coki Corporation, and would have resulted in the creation of South Africa's biggest retail liquor chain, strengthened by the marketing power of Coki's associate Metro Cash and Carry, one of the country's largest and faster-growing wholesalers.

Cape Wine is a wine and spirit producer formed at the urging of the Government when it reorganised the South African liquor industry in 1979. The reorganisation separated manufacturing from retailing, and fragmented the retail side of the business. It did, however, give Union Wine the opportunity to join forces with the country's largest liquor retail chain.

Cape Wine appears to have feared that a strengthened Union Wine, operating in concert with Metro, might have forced producers to cut their wine and spirits prices, and Cape seems to have been prepared to block the Coki bid at almost any cost.

The Johannesburg Stock Exchange has until next Tuesday to bring order to the chaos of the last few days' trading. Its job will not be made easier by a large proportion of the short sales not being disclosed and therefore illegal under South African law.

CONTENTS

For latest Share Index phone 01-246 8026

Bank chief says Japan 'is example to all'

THE "remarkable success" of the Japanese economy in overcoming the second oil price rise was a reminder to all governments of the need to re-establish business profitability and investment, M. Alexandre Lamfalussy, deputy general manager and economic adviser at the Bank of International Settlements said yesterday. John Wyles reports from Brussels.

M. Lamfalussy told the Conference of the European Federation of Business Economists, that while he was convinced that a "non-accommodating" monetary policy and positive real interest rates were needed to fight inflation, this approach carried dangers.

It needed to be balanced by budgetary and incomes policies whose "explicit aim," was the recovery of business profits.

Lisbon gas strike

Workers at the Petro-quimica plant that manufactures Lisbon's town gas stopped work for 24 hours yesterday in support of a 28 per cent pay increase, Diana Smith writes from Lisbon.

Belgian franc denial

The Belgian Government declared yesterday that it would not devalue the franc, writes Larry Klinger in Brussels. Mr. Wilfried Martens, the Prime Minister, said devaluation was ruled out because it would interfere with the country's economic recovery programme and because it would not bring interest rates down.

Danish forecast

Denmark's current account deficit will narrow this year to DKr 13.1bn (£890m) from DKr. 13.8bn in 1980, thanks to rising oil production and energy saving, according to the Government's economic survey, writes Hilary Barnes in Copenhagen. GDP and exports are expected to show no real increase. Business investment is likely to fall by 6 per cent.

Irish trade improves

Despite improved Irish trade figures in February, industry has warned that the country is still in deep recession, writes Stewart Dalby in Dubai. Compared with February, 1980, exports were up 2.7 per cent in value terms at Ir£333m (£260m), while imports surged 3.6 per cent to Ir£500m (£390m). The February trade deficit reached Ir£167m, the year-on-year deficit was down 15.5 per cent to Ir£1.27bn.

Turkey trimmings

Turkey has abolished two public holidays, ordered taxi drivers to get a shave and a haircut, and forbidden bureaucrats to gaze out of their office windows, writes David Tonge.

Hotel profits up

HONG KONG and Shanghai Hotels, which owns Hong Kong's prestigious Peninsula Hotel, has reported profits for 1980 of HK$107.16m, up 35 per cent from profits of HK$79.3m previously.

CENTRAL BANK SEES THREAT IN RISING WAGES

Bundesbank defends tough stance

BY KEVIN DONE IN FRANKFURT

THE BUNDESBANK, the West German central bank, yesterday mounted a spirited defence of its tight monetary policy, arguing that rising wage costs posed a bigger threat to capital expenditure than high interest rates.

The warning comes as the current round of national wage negotiations reaches a critical point with the trades unions mounting a growing wave of protest strikes in support of initial wage claims of 7-8 per cent.

In the metal-working industry, which usually sets the pace in West German wage bargaining, the employers have slowly moved forward fromt heir original offer of 2.5 per cent and yesterday proposed an increase of 4.1 per cent for metal workers in the region of north Würtemberg and north Baden.

IG-Metal, the country's largest trade union, is still holding out for an increase of at least 5.5 per cent.

The Bundesbank argued yesterday that there would be a double benefit to the economy from wage restraint. It would improve profit conditions and therefore the investment outlook and also boost foreign investors' confidence in the D-Mark.

The performanceo f the West German currency since the end of February when the Central Bank took action to push German interest rates sharply higher, has so far been vindicated on the foreign exchange markets.

From a three-year low of DM 2.25 against the U.S. dollar in the middle of February the D-Mark has rallied strongly and was yesterday trading in Frankfurt at between DM 2.0320 and DM 2.056. The D-Mark has also re-emerged as the strongest currency in the European Monetary System after several months in which the Bundesbank was at times obliged to step in to prevent the German currency slipping below its lower EMS intervention point.

In its monthly report published yesterday the Bundesbank concedes that high interest rates may have an adverse impact on the economy and that on balance in the first months of the year economic activity may have weakened further.

But it argues that there is no effective alternative in present conditions if the danger of a "downwards devaluation spiral" is to be avoided.

It points out that evidence of strengthening confidence in the D-Mark can be seen in the recent decline in long-term capital market rates which are coming down from their peak in early March.

Moscow attacks U.S. 'sabotage' attempt on gas pipeline deal

BY DAVID SATTER IN MOSCOW

THE SOVIET Communist party newspaper, Pravda, yesterday said the United States was trying to sabotage the proposed DM 20bn (£4.3bn) west Siberian gas pipeline in order to tie Western Europe more closely to U.S. policies in the Middle East.

It said the Soviet Union could not "close its eyes" to the fact that the prospect of increased East-West energy co-operation had met stiff resistance from "aggressive imperialist circles."

The 3,000 miles pipeline which would connect rich gas deposits in western Siberia with energy consumers in Europe is the most important project of the Soviet 1981-85 Five-Year Plan and the largest East-West trade deal ever envisaged.

Massive credits to the Soviet Union would be necessary to cover the purchase of pipes and equipment in the West. Those would be repaid with annual deliveries of up to 40bn cubic metres of natural gas to West Germany, France, Belgium, the Netherlands, Austria and Italy.

U.S. officials have warned the European allies, particularly West Germany, that the amounts of gas which they would import under the scheme might make them economically dependent on the Soviet Union and, in a political crisis, unwilling to resist the threat of a cut in supplies.

Pravda said that Western Europeans could not help but be struck by the "selfish calculations" of the Washington strategists who are trying to "destroy the construction of an energy bridge between East and West." They want to interfere with East-West co-operation and put Western Europe "in even greater dependence on American oil policies," the newspaper said.

Washington intensifies the pressure on its West European and Japanese partners, trying to put forward new barriers to the transfer of technology, and to limit and complicate the provision of credits for the realisation of large scale energy projects in the east of the USSR."

Kania holds talks in Budapest

BY CHRISTOPHER BOBINSKI IN WARSAW

MR. STANISLAW KANIA, the Polish Communist party leader, flew to Budapest yesterday for talks with the Hungarian leadership, as Herr Hans Dietrich Genscher, the West German Foreign Minister, arrived in Warsaw.

Mr. Kania's visit to Budapest, where he met Mr. Janos Kadar, the Hungarian leader, showed that despite the suspicious eye with which other Eastern European countries view events in Poland, there has been no isolation of the Warsaw government.

Herr Genscher's trip will be concerned primarily with West German loans outstanding to Poland. But the Bonn Foreign Minister comes fresh from talks with the new Reagan administration, while Mr. Kania has recently visited Moscow. Herr Genscher is also due to go to Moscow at the beginning of April.

Herr Genscher (left) is met at Warsaw airport by Mr. Jozef Czyrek his Polish counterpart

The West German visit is seen as proof that its Ospolitik is still alive despite increasing East-West tension. Herr Genscher will be the first senior Western leader to go to Poland since Lord Carrington, the British Foreign Secretary, five months ago.

Meanwhile, tension grew yesterday in the Bydgoszcz in central Poland where farmers are occupying the local Peasant Party headquarters in a bid to speed up agricultural reforms. According to officials in Gdansk of the independent union Solidarity, police surrounded the local provincial council buildings where another sit-in began yesterday.

In Suwalki, in the north-west, the local Solidarity branch announced a strike alert in support of demands that the Communist Party headquarters and other buildings there be handed over to the health service.

Poland's timber workers are also threatening a national stoppage starting next Wednesday, in protest at the alleged failure of the authorities to fulfil pay agreements signed last December.

Colonel wounded by Bilbao gunmen

By Robert Graham in Madrid

A COLONEL in the Spanish army was seriously wounded yesterday in an assassination attempt in Bilbao which bore the hallmarks of ETA, the militant Basque sparatist organisation. It was the first such attack on an army officer since last month's abortive coup.

Col. Romeo Rotaeche had attended morning Mass when he was approached by two youths *on the church steps. Witnesses* said a young woman fired a revolved at point blank range. Col. Rotaeche was taken to hospital where he had a bullet removed from his skull. Last night his condition was serious.

Three years ago Col. Rotaeche escaped unhurt from another assassination attempt. His sister is private secretary to Sr. Marcelino Oreja, the Government's chief representative in the Basque country.

There have been seven assassinations in the Basque country this year, five of them claimed by ETA's hardline military wing. This is a sharp reduction compared with the same period last year. It reflects improvements in the anti-terrorist fight by the security forces and an apparent division within ETA over the tactics of armed struggle.

Strong pressure is being exerted on the military wing of ETA to renounce its strategy of violence in the wake of the February 23 coup. The more moderate political-military wing of the organisation announced on February 28 that it was ceasing all military action and called on the military wing to do the same. However, the latter has said it will not change its policy.

The persistent campaign of violence pursued by ETA since the death of Franco has been one of the key factors behind the armed forces' impatience with democracy and the politicians. As more evidence comes out on the abortive coup, it is clear that concern over ETA's unchecked activities was a determining element in the dissident military wanting to see a government of national salvation.

Russians test 'killer satellite'

By David Tonge

THE SOVIET UNION used a "killer satellite" to damage one of its own satellites over Eastern Europe on Saturday, acording to Western intelligence reports leaked on Wednesday night.

In the first such Soviet operational test since late 1977, a killer satellite used an infra-red sensing device to home in on a target. It then blew itself up in a way which would have disabled any cameras or electronic equipment on the target satellite.

The resumption of operational tests reflects the tense state of U.S.-Soviet relations, according to diplomats involved in the issue. It also indicates, they say, Soviet fears over U.S. advances in space, in particular the launching of the Space Shuttle due in early April.

The Soviet Union first tested the idea of bringing one satellite alongside another in 1967. It launched 30 satellites for this purpose before suspending tests in 1978. For the next year it was involved in talks with the U.S. on an agreement to limit anti-satellite activities.

Satellites were crucial for the verification of the strategic arms limitation treaty signed between Presidents Brezhnev and Carter. But hopes of reaching an agreement on *satellites* were scotched when the Soviet Union demanded that the U.S. halt development of the Shuttle.

Moscow feared the Shuttle might pluck its satellites out or orbit.

Western defence analysts describe the Soviet experiments as "crude and clumsy." In recent years the U.S. has done much to protect its satellites by making them more manoeuvrable and "hardening" their surfaces.

Brussels tries to break fish deadlock

By Larry Klinger in Brussels

THE EUROPEAN Commission yesterday produced eleventh-hour compromise proposals in an effort to end the Anglo-German fisheries dispute that threatens to cast a shadow over the European summit meeting that begins *in the Netherlands on Monday.*

The proposals differ little from those sent back for revision by the EEC Foreign Affairs Council in the early hours of Wednesday morning. They seem, therefore, to have little chance of acceptance at today's meeting of EEC permanent representatives in Brussels.

They attempt to satisfy British demands by proposing a 10 per cent rise in guide prices, which in turn determine the level of both minimum domestic prices and import prices from countries outside the EEC. Also proposed is a limit on Canadian fish imports into the UK to 1,500 tonnes this year and subsidies for increased exports of EEC fish.

David Tonge reports on a problem clouding Turkey's relations with its Western allies and creditors

Tales of torture alarm the Turkish generals

AT LEAST 18 Turks have died in custody since the Turkish generals seized power in September, according to reports reaching Amnesty International, the international human rights organisation, in London. Dozens of people released in different cities have said they were given electric shocks or were beaten by soldiers or police.

Last year, when the armed forces were already in charge of security under martial law, Amnesty concluded that torture was "widespread and systematic." Indications that this may be continuing are threatening the present regime's international standing.

Turkey is disturbed by the effects the reports of ill-treatment may have on Western contributions to the aid packages Turkey will require for at least the next three years. Members of the Paris-based Organisation for Economic Co-operation and Development are to meet next month to discuss aid for Turkey. Last year, they extended credits of $1.16bn to Turkey. This year the junta is looking for $1.5bn.

The U.S. has made it clear that reports of torture will not affect its aid. The new Administration has underlined the strategic importance it attaches to Turkey by increasing its planned civilian and military aid allocations from $450m in the year ending next September to $700m in the next 12 months.

But a taste of the problems which could arise has emerged in West Germany and in Britain. Unrest among the Left-wing of West Germany's Social Democrat Party contributed to the decision by Herr Hans Matthoefer, the Finance Minister, to play a *less forceful role* in coordinating the aid package than he did last year.

And in January, the British Government asked Parliament if there were any objections to giving 20m rounds of ammunition to Turkey in a package worth £3.4m. Two Members of Parliament used a procedural technicality to delay the gift because of Turkish policies in Cyprus and the junta's record on human rights.

The generals are understandably sensitive about the issue. Last Saturday, Admiral Bulent Ulusu, the Prime Minister, said the regime "never condones or tolerates torture." This is the position all the top generals take. They add that all reports of torture are investigated. Admiral Ulusu said 68 claims of torture had been made, and that in half the 28 cases in which investigations were complete, criminal proceedings had started against those accused of torture.

But he also made it clear that despite this disturbing statistic, the generals believe they are victims of a propaganda campaign: "Certain circles, at home and abroad, deliberately try to disseminate allegations claiming that certain persons under custody are subjected to torture."

Some allegations may indeed be exaggerated. But the weight of accusations and the number of policemen and soldiers the regime is bringing before the courts because of torture charges indicate the seriousness of the questions to be answered about Turkey's prisons.

Many of those complaining they have been illtreated are *themselves accused of murder* or other violent crimes. But a high proportion are trades unionists supporting the radical left-wing union confederation DISK. The authorities are seeking evidence on links between DISK and the banned Communist Party of Turkey. DISK, which had around 500,000 members, was shut down after the September coup.

In two cases, accusations have caused the authorities to show television interviews. The first interview was with Mr. Ahmet Isvan, a former mayor of Istanbul arrested last year. It was several weeks before his family could trace him, and they later reported he has been ill-treated. In the interview transmitted he said he personally had not been tortured.

But the interview was cut before transmission, according to reliable reports in Istanbul. These say Mr. Isvan, a 58-year-old gentleman farmer, also said *that if being made to sit five* days and nights bound and blindfolded in a metal chair was not torture, then he had not been torured. His alleged crime is links with DISK, in particular supplying municipal lorries to the confederation fop a May Day rally in 1977, when 34 people died after shots were fired into the crowd.

The second interview followed graver allegations about the treatment of 300 officials from DISK, in particular of its chairman, Mr. Abdullah Basturk. Like Mr. Isvan, he was held in the Davutpasa barracks on the European side of Istanbul.

Mr. Basturk, who gave himself up voluntarily, was interrogated three or four times at Otagihumayun, an old Ottoman mosque at Davutpasa converted into an interrogation centre, according to people questioned there. These people say that during one session Mr. Basturk *was repeatedly hit around* the head while a group of DISK members standing in a ring around him were forced to insult him. At one point, he seems to have lost control of his mental faculties and *to* have believed he had been speaking to a rally the previous day. Also interrogated at Otagihumayun, according to the same people, was Mr. Fehmi Isiklar, secretary general of DISK. Reportedly, he was bastinadoed (beaten on the soles of the feet) and hung by his ankles from the ceiling.

Mr. Basturk did not appear on television. Instead, a military doctor from Selimiye told an interviewer that Mr. Basturk was fit and well and there was no evidence of torture.

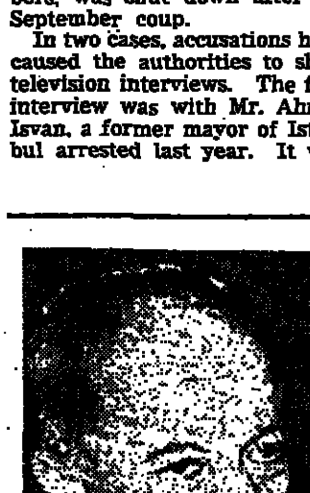
Several autopsy reports on those who apparently died under interrogation list burn marks on the body caused by electricity. One policeman tried for causing the death of a *student said in his defence:* "I have been a policeman for eight years and I know the amount of electricity to be given." according to one report reaching London.

Some limitation on the number of charges against the authorities is caused because suspects can be held 90 days without the right to see their lawyer, a period which in practice can be extended. Then, some former prisoners report they were threatened with fresh torture if they spoke out. The newspapers say they feel considerable pressure not to force the issue. And lawyers are reluctant to make public attacks on the authorities.

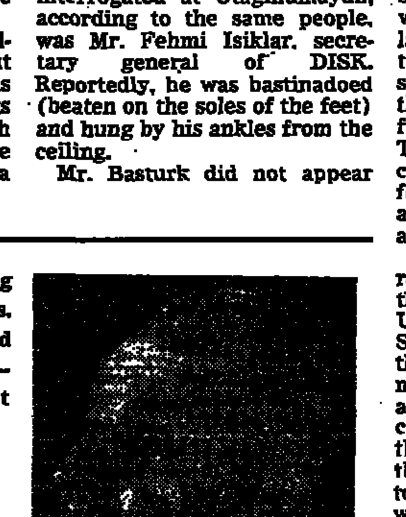
Those defending the Turkish regime underline the gravity of the situation it faced. Admiral Ulusu reminded his listeners on Saturday that before the coup the death toll in politically-motivated violence had reached an average of 22 a day. "If the citizens in any country . . . . feel the fear of death going from their homes to their jobs, then to talk about human rights would be nothing more than to force one's imagination," Gen. Kenan Evren, the head of the regime, said last month.

With their forensic and detective skills at best rudimentary, the country's security forces find themselves largely relying on confessions to obtain convictions. This has always been the case, and to some extent the increase in torture reports reflects the increased number of those under interrogation. In the first six months after the coup, some 45,000 Turks were detained, according to the local Press. Admiral Ulusu says 6,228 people are in custody without charges against them, and 16,888 people have been arrested and charged.

One resulting irony is that a regime which has gone far to stamp out terrorism from the streets is having trouble in stamping it out in the prisons. Two months ago, Gen. Evren made a surprise visit to an orphanage to check on abuse. There are suggestions that he should make a similar call on the interrogation centres.



"Certain circles, at home and abroad, try to disseminate allegations that certain persons in custody are tortured" — Adm. Ulusu, left



"If citizens fear death going from their homes to their jobs, talk about human rights would defy imagination" — Gen. Evren, right

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International pavilions on Port Island, Kobe

PORTOPIA '81 OPENS IN JAPAN

How Kobe made an Expo from a mountain top

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN MAY or may not be a nation of economic animals but it most certainly is a nation of Expo-addicts. This is the feeling produced by visiting Portopia '81, a 150-acre exhibition devoted to the theme that the "21st century is coming," which opens today on a man-made island off the south-western port city of Kobe.

Portopia '81 is the third Japanese "Expo" in just over a decade. The two earlier ones were the very successful Osaka Expo of 1970 and the much less successful Okinawa Ocean Expo of 1975. Unlike its predecessors it lacks international sponsorship, but this has not prevented the Kobe city authorities from rounding up an impressive array of Japanese and foreign exhibitors. Nor is Portopia any the worse for having apparently been planned and built in about half the time required to launch the two earlier ventures.

The notion of staging their own home-made and locally financed Expo apparently occurred to the Kobe city authorities early in 1978, some three years after Ocean Expo had failed dismally in Okinawa. From the start the idea seemed to harmonise with the city's other aspirations. One reason was that Kobe was looking for something that would help to put it on the tourist map of Japan, much as Expo '70 had boosted the image of Osaka and the 1964 Olympics had helped to "make" Tokyo. The second point was that a display of futuristic life styles in a vaguely maritime setting seemed just the thing to celebrate the completion of stage one of a massive land reclamation programme designed to increase the city's restricted living space.

The Kobe programme, now widely imitated elsewhere in Japan, involves carving the tops off mountains in the city's hinterland and dumping them in the sea to form islands, thereby killing two birds with one stone as the *Mayor,* Mr. Tatsuo Miyazaki, likes to put it. By the mid-1990s, three large islands with a total land area of over 1,500 hectares should have been created.

The reason why Kobe apparently had no hesitation in shouldering the financial burdens associated with Portopia is that Port Island, and its half-built successor are proving distinctly profitable. Port Island itself cost an estimated Y530bn ($US2.6bn) to build but land sales are earning back much of the construction cost—to say nothing of the additional income derived from new towns built on the "sawn-off" bases of mountains cleared for reclamation. Mr. Miyazaki, a lawyer and financial specialist, reckons that Port Island is now turning a profit of some Y200m per year with higher profits to follow in future. This has made it easy for Kobe to service the DM 1bn worth of Deutsche Mark bonds that have been floated over the past 12 years to finance the reclamation scheme.

Port Island's successor, the still larger Rokko Island, is as yet only 40 per cent complete. However Kobe City has already sold land to Daihatsu Motor Company for a 100 per cent export-oriented motor assembly plant (which began operations last year). Negotiations are under way with Komatsu, the top Japanese construction machinery manufacturer, for a similar venture and a second Japanese motor manufacturer is believed to be interested in renting more space on Rokko for an assembly plant that might be larger than the Daihatsu one.

Viewed from the roof of the elegant, lozenge-shaped, Portopia Hotel, which is the tallest building on Port Island at present, the island's main features today are the rows of massive tracked cranes and acres of parking space for steel containers that help to make Kobe the world's largest container port. Container berths occupy three sides of the roughly four-sided island leaving the fourth side (facing the sea) for a park that will serve the island's 40,000 inhabitants. Behind that, on a 72 hectare site (about a quarter of the size of the Osaka expo site), is Portopia Expo.

Portopia will be converted into a cultural and conference centre after the exhibition completes its 180-day run, but between now and next September it is expected to attract some 14m visitors (rather more than ten times the population of Kobe itself) from Japan and the outside world. The tourists will arrive by Portliner, a brand-new computerised unmanned transport system which connects the island with the city centre. Once on the Expo site they will have their work cut out making the rounds of 32 main pavilions sporting a range of futuristic (and frequently hideous) designs and offering visions of a brave new world founded on Japanese technology.

PORTOPIA '81

Foreigners are represented at Portopia in four overseas pavilions where the Saudi Arabian Port Authority rubs shoulders with Papua New Guinea and the City of Tientsin (to name only a few). Britain has no presence—except in the shape of a "Traditional English Pub" erected by a Japanese superstore chain to boost sales of a proprietary whisky.

As with most Japanese ventures of its kind Portopia is distinctly weak on underlying concepts, other than that of somehow making life better for everybody. The "theme pavilion" is chiefly remarkable for a collection of psychedelic concrete tetrapods. Elsewhere, if there is a clear message in the exhibition, it would seem to be that advanced technology is something for playing games with.

The computerised rabbits that hop around the stage of Sumitomo's "Robot Theatre" in production hopefully entitled "Fantasy of Peace and Love" and accompanied by synthesised music apparently composed by Schubert, are not the only exhibits to make this point. Japan's number one whisky manufacturer, Suntory, has constructed a "Waterland" in which 6,000 computerised water jets draw pictures rather like those on a TV screen. Artificial snow produced by gas drifts from the ceiling of the Osaka Gas Pavilion, while the power pavilion tells visitors everything they need to know about "future energy."

PORTOPIA '81

Apart from computers, video systems of all kinds pervade Portopia. About half the pavilions in the show are claimed to feature revolutionary methods of visual display, including one which can talk back to and watch the audience like an Orwellian big brother. The "Hi-ovis" two-way TV communication system could be a pointer to life styles in a future Japanese information society.

Whether or not Portopia makes money for Kobe, it does seem to have a fair chance of achieving its major objective of putting the city "on the map," so far as Japanese and foreign tourists are concerned. It could also whet the appetite of other Japanese cities to win fame by mounting expos. Next on the list of candidates for hosting a major international event is the city of Nagoya which seems determined to be the home of the 1988 summer Olympics. Japan might be acting out of character, however, if it fails to come up with some excuse before that time for reminding the world that it has a flair for showmanship as well as for making things.

Afghan exodus into Pakistan hits new peak

BY DAVID HOUSEGO IN ISLAMABAD

PAKISTAN is claiming a dramatic increase of 300,000 refugees who have fled from Afghanistan since the beginning of this year bringing the total now in Pakistan to a new peak of 1.7m.

Together with the 400,000 Afghan refugees believed to be in Iran this would mean that 12-15 per cent of the population have now fled Afghanistan.

Pakistan blames the cause of the new exodus on a Soviet campaign to disrupt the spring sowing in Afghanistan by firing on villagers working in the fields. The Russians aim is said to be to drive more villagers across the border thus increasing the pressure on Pakistan to reach a political settlement with Kabul or to force them to seek shelter near urban centres under Russian control.

Western diplomats, however, also explain the sharp rise in the figures as the result of a more energetic drive by the Pakistan authorities to register the number of refugees preparatory to lobbying western and Moslem governments for more aid. Pakistan has become increasingly worried by a massive influx of refugees which is both a burden on the budget and a source of social and political tensions in the border provinces of Baluchistan and the north west frontier.

Pakistan last year paid over half of the US$200m spent on relief operations. The cost this year is expected to rise to $300-$350m. The U.S. is expected to provide $50m. Lord Carrington, who is due to visit Pakistan at the end of the month on his way to China, is likely to promise British support.

Pakistan increasingly feels the need for international assistance in supporting the refugees both to guard against domestic criticism that funds are being diverted from projects of benefit to Pakistanis: and to strengthen its hands in negotiations with the Russians by diminishing the pressures of the refugee problem.

Western observers report that the physical condition of those escaping is now far worse with numerous cases of malnutrition.

The Russians are said to be disrupting spring sowing in the warmer lands between Kabul and the Pakistan frontier. It is not discounted however that the insurgents are also intimidating villagers into refusing a redistribution of land in favour of those who support the Babrak Karmal regime.

Colombo hopes rise for IMF lending

BY JAMES BUCHAN, RECENTLY IN COLOMBO

THE SRI LANKA Government is optimistic that austerity measures introduced since last autumn have persuaded a mission from the International Monetary Fund to recommend the resumption of IMF lending.

A decision whether to resume payments on a $350m loan under the Extended Fund Facility will be taken by the IMF next month.

The loan, which was extended in January, 1979, was suspended last July after Sri Lanka had drawn only $110m. The facility carries the Fund's most stringent conditions and the IMF was unhappy about Sri Lanka's massive public spending programme and its effect on inflation which is believed to be running at up to 40 per cent a year. In 1979-80, Sri Lanka ran a budget deficit of more than Rs7bn (£177m) or a third of the total budget, primarily because of supplementary votes passed for development programmes.

Resumption of payments on the loan is of critical importance, both actual and psychological, for the Government of President Junius Jayawardene, which was swept into power in 1977 as a reaction to the socialist policies and economic stagnation under Mrs. Sirimavo Bandaranaike's Sri Lanka Freedom Party.

Agreement with the IMF would provide a seal of approval for the economic policies of Mr. Jayawardene's United National Party, which on taking power followed text-book IMF prescriptions in devaluing the rupee, slashing subsidies, liberalising imports and opening the country to foreign investment.

Above all, the IMF loan has become a symbol of Sri Lanka's efforts to curb inflationary spending and what Mr. Ronnie de Mel, the Finance Minister, calls "financial irregularity."

Earlier this month, the Government imposed an across-the-board cut of 10 per cent in budget appropriations, passed last November, and agreed that no new projects would be sanctioned for 1981 and 1982.

The cut was over and above a 25 per cent reduction ordered in the November budget for the two big-spending Ministries.

However, the Government's room to manoeuvre is limited. With a decline in production of Sri Lanka's main crops—tea, rubber, rice and copra — rising import costs for capital goods and oil, expected to be Rs 11.5bn this year, and with the major aid donors following more restrictive policies, the Government may be faced with the unpopular task of curbing consumption.

With growth now tailing off to about 5.5 per cent from the high rates of the early Jayanardene years, there are fears that unemployment will increase and, with it, discontent among young people who were responsible for Sri Lanka's most serious unrest in 1971.

India to keep untouchables preference

By K. K. Sharma in New Dehli

THE DETERIORATING state of law and order in the western state of Gujarat, where more than 40 people have been killed in caste clashes in the past two months, is expected to worsen now that the Indian Parliament has restated its stand on preferential treatment for "harijans" (untouchables).

The Gujarat riots were triggered by agitation by medical students who are protesting against the reservation of places in colleges for harijans. They claim this gives the harijans more opportunities than they deserve and deprives higher caste Hindus of job opportunities.

The agitation has led to clashes almost every day between the medical students and police and has also resulted in the killing of harijans, many residential colonies of which have been destroyed. The agitation threatens to envelop nearly the entire northern region since it has now spread to such states as Rajasthan, Haryana and Uttar Pradesh.

Despite the growing violence, Parliament has now adopted a resolution which reiterates the constitutional provision under which harijans get preferential treatment in admissions to educational institutions and for government jobs. The provision was made to improve the lot of what is undoubtedly the most backward section of the population.

The resolution was backed by all parties and this means that the agitation against reservations does not have the support of Indian politicians even though Indira Gandhi, the Prime Minister, recently said that the constitutional provision should not block promotion on the basis of merit. The Government and Mrs. Gandhi's Congress Party voted for the resolution.

A large section of the higher caste Hindus backing the agitation are now at loggerheads with the politicians on the issue. Extra-Parliamentary movements are proving to be a serious challenge to constitutional government and authority in India and the medical students' agitation has become another example of this development.

Dayan ready to run in Israel poll

By David Lennon in Tel Aviv

MR. MOSHE DAYAN, Israel's charismatic political maverick, said yesterday that it is now virtually certain that he will lead a new political party in the June general election.

The former Foreign Minister said that both the programme and the list of politicians for his new political grouping had been finalised and that, barring any major last-minute changes, he would formally announce his candidacy early next month.

During a conference with the foreign Press associations here, Mr. Dayan made it clear that his main interest in contesting the election concerns the future of the occupied West Bank and Gaza Strip.

The former Labour Party leader, who crossed the Knesset floor in 1977 to join the Begin Government as Foreign Minister, said his group would oppose the Likud block's desire to annexe the West Bank, and the Labour Party's proposal to cede some of the occupied territory to Jordan.

Basically, Mr. Dayan wants Israel to withdraw its military Government from the occupied territories and unilaterally grant the Palestinians there autonomy in civil matters.

He clearly hopes to win enough seats in Parliament to hold a pivotal position but, so far, the opinion polls have varied widely in their estimates of the number of seats his party may gain. Within three days recently one poll predicted he would win 19 seats in the 120 member Knesset, while another said he would only obtain five. Political insiders believe the most Mr. Dayan could gain would be eight to 10 seats.

Tony Hawkins, in Salisbury, previews next week's conference on aid for Zimbabwe

Western donors gather to help Mugabe

MORE THAN 200 delegates representing 44 countries, 11 international agencies and 16 United Nations agencies will participate in the Zimbabwe conference on reconstruction and development opening here on Monday.

The Zimcord conference, as it is known, is the climax to efforts by Mr. Robert Mugabe's year-old administration to obtain enough foreign aid to finance Zimbabwe's reconstruction programme after the seven-year guerrilla war and to launch it on the road to self-sustained economic growth.

As one minister put it: "If we get the aid we are seeking from the international community, we will become aid donors ourselves within a few years."

Five weeks ago, Zimbabwe published the agenda for the Zimcord conference, listing aid targets totalling Zimbabwe $1.2bn (£838m) over the next three years. Estimates of how much Zimbabwe has already been promised vary considerably, because of the often-deliberate imprecision of the donors and the difficulties in disentangling bilateral and multilateral aid packages.

Accordingly, any figures quoted must be viewed with considerable circumspection and even government officials in Salisbury this week declined to give their own estimate of how much has already been pledged.

But speaking at a news conference last month, Dr. Bernard Chidzero, the Minister of Economic Planning and Development, described the international response to Zimbabwe's aid programme as "so far very disappointing."

At the time, Dr. Chidzero estimated that since independence in April last year, Zimbabwe had attracted Zim$197m in aid. Of this, Zim$131m was in grants, and less than half had been received, while some Zim$60m represented loans, of which less than 1 per cent had been received. "Zimbabwe needs a short, sharp massive injection of aid to solve its immediate problems and to put it on a self-sustaining growth and development basis," he added.

But other estimates—taking into account "informal" pledges—put the aid total far higher. Diplomats put the pre-Zimcord conference aid total at between Zim$400m and Zim$450m—roughly a third of the way to the Zimcord total.

Britain, with aid pledges of some U.S.$230m, the European Community ($100m) and the U.S. ($105m) are the three main donors. At next week's conference Zimbabwe, for all its Socialist rhetoric, is looking to North America, Western Europe, Japan and the Arab aid funds for the still very substantial shortfall.

That Western Governments are sending high-powered delegations bodes well, according to officials here. It is thought inconceivable, for instance, that Mrs. Margaret Thatcher, the British Prime Minister, would have despatched Lord Soames unless he had some good tidings for Mr. Mugabe, and there are similar hopes that West Germany will increase its aid commitments.

To date, Zimbabwe has attracted little from the multilateral sector, though the International Finance Corporation, an affiliate of the World Bank, is contributing to the development of Wankie Colliery to provide extra coal for the thermal power station now under construction.

Next week, however, the first loan to Zimbabwe from the World Bank itself goes before the executive directors in Washington for approval. The $65m loan is an "industrial inputs facility," to provide transport equipment for an economy whose exports are threatened by transport congestion.

Optimists in Salisbury believe that by the time the conference ends next Friday, Zimbabwe will be more than two thirds of the way towards its Zimcord aid figure of $1.8bn but unless or until more precise figures become available of what was pledged at the donors' conference, and what is actually promised next week, it will be very difficult to measure the success or otherwise of the meeting. The present indications, though, are that plenty more money will be promised although, as one would expect on such occasions, the total committed will fall short of the target.

THE AIMS OF 'ZIMCORD'

Donors will be asked to support three main areas, in addition to the programmed spending on reconstruction and refugees, which will take an extra Zim$134m.

The largest area is rural and agriculture development, including resettlement, irrigation, peasant sector credit, schools and clinics, roads, water supply and telephones. This area is expected to absorb Zim$800m.

The second area is capital investment in training institutions, such as schools, the university, polytechnics, vocational and technical training, and training programmes within ministries.

The third area is in technical assistance programmes. These are expected to take Zim$100m.

The Zimcord plan accounts for some 55 per cent of the total external financial resources Zimbabwe hopes to attract over the next three years. This total of Zim$2.3bn includes a large amount for what is termed "national infrastructure and modern sector development." This has a total cost of Zim$2.5bn, but more than half would represent domestic as distinct from external resources. It relates to heavy infrastructural investment, particularly in housing, energy and transport.

Black states appeal for aid against South Africa

BY OUR SALISBURY CORRESPONDENT

AT THE END of two days of talks here President Siaka Stevens of Sierra Leone, chairman of the Organisation of African Unity, and Prime Minister Robert Mugabe of Zimbabwe appealed for international aid to enable Africa's "front-line states" to build up their defences in the face of what they see as the mounting threat of South African aggression.

In a joint communique the two leaders condemned what they called South Africa's "naked aggression" in launching attacks into Angola and Mozambique. Speaking at a news conference with President Stevens, Mr. Mugabe said support for the anti-Government UNITA Rebels in Angola would be "extremely repugnant" to black Africa.

He said Western leaders could not hope to remain neutral over the crucial issue of South Africa.

Commenting on Zimbabwe's vote at the UN in favour of economic sanctions against South Africa, Mr. Mugabe said Zimbabwe could not participate in such sanctions "at this stage." "But Zimbabwe will not stand in the way of sanctions if the UN imposes them.'

Mr. Mugabe criticised Western attitudes towards South Africa and expressed support for Cuba's presence in Angola. "If a legitimate authority — the Angolan Government — invites another power to come to its aid, it cannot be a cause for disgruntlement by the U.S. or any other power."

He said he hoped the Reagan Administration would not stand in the way of Africa's programme designed to achieve "total decolonisation" and that it would "fall into line with the wishes of Africa."

In a separate development the Reserve Bank of Zimbabwe announced that it is to raise Z$60m (£40m) in short- and medium-term loans in the domestic capital market. This is the first capital-raising exercise since last month's surprise increase in bank rate from 4.5 per cent to 6 per cent.

The Government is floating a new medium term stock, over seven years, of Z$15m (£10m) at 7.6 per cent and a short-term, three-year stock of Z$45m (£31m) at 6.4 per cent.

Reagan's team catches the Carter infection

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER used to be criticised at home and abroad for permitting his Administration to speak with more than one voice on foreign policy. It now seems clear that President Reagan's Government, which came to power promising less confusion, has caught a severe bout of the same infection.

The principal difference between the two Administrations is that under President Carter, the debate was, in crude terms, between Left and Right, exemplified by Mr. Cyrus Vance, the Secretary of State, and Dr. Zbigniew Brzezinski, the National Security Adviser, with Mr. Andrew Young, U.S. Ambassador to the United Nations, serving as a moving lightning-rod. Under President Reagan, however, the debate is between Right and super-Right.

This seems the case in the latest embarrassing incident in the past 24 hours in which both the White House and the State Department publicly disowned a positively apocalyptic interview on East-West relations given to the Reuters newsagency by Professor Richard Pipes, the Soviet expert on the National Security Council.

Prof. Pipe's hard-line views on the Soviet Union are well known from his teachings and writing at Harvard, on whose faculty he remains. He is, like Dr. Brzezinski, an expatriate Pole but, unlike Dr. Brzezinski and Dr. Henry Kissinger, had never displayed much interest in moving from the academic world

However, even though his interview contained nothing he had not said or written before, its impact is entirely different because of his present position. It was rendered even greater because, simultaneously on Capitol Hill, Mr. Alexander Haig, the Secretary of State, was denouncing in vehement terms what he called Soviet sponsorship of worldwide terror and revolution.

What Professor Pipes said was that detente was dead and that there was no point in negotiating with the Russians on virtually anything until it mended its ways. He argued that the U.S. was prepared to put such pressure on the Soviet Union, on its economy and in combating its foreign policy, that the Sovet leadership would have to decide sooner or later to either reform its system, internally and externally, or "to go to war."

More controversially still, he said he feared that West Germany, and particularly its Foreign Minister, Herr Genscher, was susceptible to the latest Soviet peace offensive, implying that West Germany, on whom Mr. Haig had lavished praise a week before, could not be expected to play a full role in resisting Soviet expansionism.

It was this remark, rather more than the philosophical tenor of his interview, which clearly set the State Department's alarm bells ringing

This is hardly the first time the Administration has got its signals confused. Having spent much of its first two months in office drumming up allied and domestic concern for alleged subversion in El Salvador, it, in the shape of a senior State Department official, accused the U.S. media of overplaying the story. First Mr. Haig and then the White House said that the official was speaking only for himself.

Again in the last 24 hours, another senior State Department official testified that the U.S. was considering military sanctions directly against Cuba to rein in its role as chief Soviet proxy. But Mr. Haig himself yesterday sought to play down his own deputy's characterisation of the Administration's planning.

The Secretary of State also appears not to be above changing his mind in short order. It is not long ago that he suggested that, as a result of U.S. pressure, Nicaragua was showing signs of co-operating in the attempt to stem the flow of arms to the El Salvador insurgents.

But in testimony on Wednesday, he abruptly declared that Nicaragua had already fallen into the Communist camp—the first in the line of central American dominos that Moscow was intent on toppling.

Yet Mr. Haig, for all his anti-Communist toughness, is still cast in the position here of being the relative pragmatist in the Administration. It is argued that at least he, if not Prof. Pipes and such hardliners in Congress as the influential Senator Jesse Helms, is prepared to listen to allied concern about the practicalitiesof U.S. foreign policy.

Thet bottom line to use one of Mr. Haig's favourite expressions, remains that the Reagan Administration is deeply committed to redress what it believes to be the disadvantageous balance of world power vis-a-vis the Soviet Union. This is the prime foreign policy consideration, overriding "local" issues, such as the rights of Palestinians and Israel

President Reagan expresses this sentiment well, but, given his great unfamiliarity with foreign policy details, in the lay language designed to appeal to middle America, not to sophisticates in the field. This leaves a vacuum and it is apparent that the competition to fill it has already begun and is likely to continue. Prof. Pipes, it may be said, is the Reagan Administration's metaphorical equivalent of Andrew Young.

It is also possible that Prof. Pipes reflects the President's "gut views", which would give his intervention an entirely different dimension.

Washington hastens to reassure Bonn

BY ROGER BOYES IN BONN

WEST GERMAN Foreign Ministry officials said yesterday that Mr. Alexander Haig, the U.S. Secretary of State, had sent a letter to Herr Hans Dietrich Genscher, the Foreign Minister, effectively disowning comments by Professor Richard Pipes.

Mr. Pipes had said that Moscow was putting pressure on the U.S. by means of its allies in the North Atlantic Theaty Organisation, in particular West Germany which has been urging Washington to reopen arms control talks with the Kremlin.

The swiftness of the U.S. reassurance—the letter was received early yesterday, only hours after Professor Pipes made his comments—underlines the exceptional sensitivity of relations within the alliance.

The Germans are happy with the recent U.S. concession on arms control talks—that is agreement to a meeting of the NATO special consultative group later this month which will discuss the stationing of new U.S. missiles in Europe and the future of arms talks with Moscow.

Herr Genscher, who was hailed by Mr. Haig last week as "courageous and reliable," travels to Moscow next month. Professor Pipes, who studiously avoided praising Herr Genscher, is evidently concerned that the German Minister, having secured a U.S. commitment to arms talks, may be too accommodating in Moscow.

Mr. Haig's letter yesterday made a point of stressing his trust for Herr Genscher.

Economy grows at 'surprisingly healthy rate'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. economy is continuing to grow at a surprisingly healthy rate, according to provisional estimates drawn up by the administration.

According to the Commerce Department's so-called "flash" estimate, real growth in the first quarter of this year is running an annual rate of about 5 per cent.

If achieved, this would constitute an improvement on the final quarter of last year, when the economy expanded in real terms by 3.8 per cent. This figure is somewhat below the 4 and 5 per cent rates contained in earlier estimates.

The "flash" estimate is derived from a reading of statistics for January and February and some guesswork for the month of March. It is not drawn up for publication but for internal administrative purposes and planning.

The most recent indices for February — particularly the sharp decline in housing starts, a more modest drop in industrial production and the fall in the leading economic indicators—have all pointed to renewed softness in the economy.

Some officials now believe that both the second and third quarters of this year will produce little, if any, real expansion, but that momentum should pick up in earnest in the final three months

The Administrations budget, out earlier this month, projects real growth of little more than 1 per cent this year, but a sharp rise to more than 4 per cent per annum thereafter.

But at that time the Administration thought that the first half of the year would produce little expansion. The latest data suggests that the flat period has been pushed back from the first half to the middle of the year.

According to the Commerce Department the prime reason for continued growth was strong consumer sales and the replenishment of inventories.

The performance of the economy is of great relevance as Congress disposes of Mr. Reagan's economic package. Some Congressional critics, bolstered by the analysis of the legislature's own Budget Office, contend that the Administration's economic projections are far too optimistic.

Dutch prepare to cut loose their last Caribbean outpost

BY CHARLES BATCHELOR IN AMSTERDAM

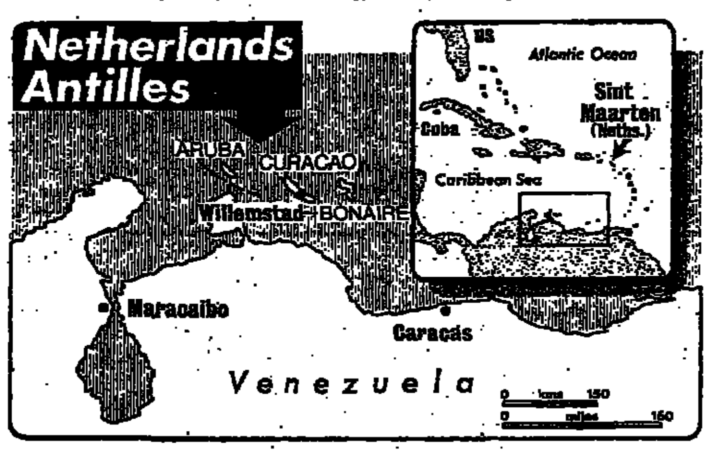
THE DUTCH are anxious that their last Caribbean dependency, the Netherlands Antilles, does not become an extra element of uncertainty in a volatile region. Last Sunday's attempted coup in the former Dutch colony of Surinam, on the north-east shoulder of South America, was a graphic illustration of the danger of leaving a political vacuum.

If the six islands of the Netherlands' Antilles simply wanted independence, the Government in The Hague would be more than happy. But severing the final link with a 350-year-old colonial history and reconciling the often conflicting interests of the different islands has become a major problem for the Dutch.

The size of these six specks on the Caribbean map belies their economic significance. They are major oil refiners, with a capacity of 42m tonnes a year, compared with nearby Venezuela's 72m tonnes. Willemstad, on Curacao, has one of the finest and busiest deep-sea harbours in the Western hemisphere, with large dry docks.

The Antilles are also a leading offshore banking centre, specialising in corporate trust activities and offshore funding. Banking revenues are estimated to account for a third of the Antilles' national income.

Dutch officials and negotiators from the Antilles Government, as well as representatives from the individual islands, plan to meet in June on the island of Bonaire to take some firm decisions on the future constitution of the islands, their electoral system, and the gradual move to independence. An inconclusive round-table conference held in The Hague last month touched on all of these issues but produced no conclusions.



The conference was marred by a predictable clash between Mr. Don Martina, the Antilles Prime Minister, and Mr. Betico Croes, the leader of the majority group on the island of Aruba. Aruba is seeking independence not only from the Netherlands but from the other five islands.

Mr. Croes, a flamboyant figure, wants the Dutch Government to continue to guarantee the island's defence and foreign relations.

The Netherlands, keen for the islands to remain unified, is not prepared to underwrite Aruba's dream of independence.

Mr. Fons van der Stee, the Dutch Minister responsible for Antillean affairs, is in favour of a gradual move to independence.

During a first phase of between three and seven years, the individual islands would take on more government responsibilities, while in a second phase of five to 10 years this looser structure would be tested.

Proposals to reform the voting system for the 22-member Antilles Parliament have also run into difficulties. Plans for an increase in the number of representatives from the thinly populated northern islands would deprive Curacao of its overall majority.

The geography alone of the Antilles makes unity difficult. The three largest islands—Curacao, Aruba and Bonaire—lie just off the coast of Venezuela, and are separated by 500 miles of open sea from the three smaller islands — St. Martin, Saba and St. Eustatius. The islands became part of the Dutch empire in the 1630s, as the Dutch West India Company expanded its interests.

The northern islands, and each southern island have their own governing councils, while the group as a whole; with 246,000 inhabitants, is governed from Willemstad on Curacao.

Economics and politics are inextricably bound up in the islands' attitude towards independence. Efforts to diversify the economy have been partly successful, but the cost of providing transport and social infrastructure are enormous.

The Antilles have a development aid debt to the Netherlands of Fl 580m (£112m), which they have no hope of repaying. A recent report on the impact of development aid concluded that the results had been disappointing and that it had concealed rather than solved the islands' problems. High aid levels meant spending patterns could be maintained and there was no need for tax reforms or to reduce the top-heavy bureaucracy.

The Antilles economy is based on oil processing, tourism and offshore banking and services. Large Shell and Exxon refineries on Curacao and Aruba process mainly Venezuelan oil, 98 per cent of it for export.

The continued importance of oil processing to the economy, despite efforts to diversify, is illustrated by trade figures compiled by the Antilles Statistics Office. Oil and oil products accounted for 83 per cent of total exports of Antilles Fl 5.6bn (£1.4bn) in 1977, the last full year for which data are available, and for 96 per cent of the Antilles Fl 4.8bn worth of exports. The islands have consistently had deficits on their visible trade.

A tax treaty with the U.S. has formed the basis for the Netherlands Antilles' development as a financial and banking centre. Investment companies formed in the Antilles to invest in U.S. stock markets pay a low combined rate of corporate and withholding tax. It is also attractive for U.S. companies to use the Antilles to float Eurodollar bond issues or raise other forms of foreign financing, while Antilles-based companies investing in U.S. property benefit, too, from tax privileges.

Tourism has brought the biggest changes to the islands over the past two decades. More than 6,000 people are now employed in hotels and restaurants,

Much of the relative prosperity of the Antilles has been achieved by Dutch aid and the stable political climate created by the Netherlands' custodianship. Unless this stability is maintained as the islands move to independence, they will lose that competitive advantage.

Canadian banks cut prime

BY VICTOR MACKIE IN OTTAWA

THE PRIME lending rate charged by Canada's chartered bank is going down after staying at a record 18.25 per cent for the past three months.

The Royal Bank of Canada, the Bank of Montreal, the Mercantile Bank of Canada, and the Toronto-Dominion Bank announced yesterday that their prime rate will be cut from 18.25 per cent to 17.75 per cent from Monday. The Bank of Montreal, which had been charging 18 per cent, has now fallen into line with the other big banks.

U.S. offers troops for Sinai force

By David Buchan in Washington

THE Reagan Administration has broached with Egypt and Israel the possibility of including some U.S. ground troops in an international peace-keeping force in the Sinai next year, the State Department has confirmed.

The discussions are part of the planned follow-up to the 1979 Egyptian-Israeli Treaty, under which Israel agreed to complete withdrawal from the Sinai by April, 1982, and hand it back to Egypt.

Israel has more or less insisted that the Sinai force include U.S. troops, and former President Carter is believed to have promised that the U.S. would provide the whole force if no other countries were willing.

However, the issue of U.S. participation in a peace-keeping force has become intertwined with the suggestion from defence hard-liners in and outside the Reagan Administration that the U.S. should have a permanent base in the Middle East region for its rapid deployment force to operate from.

But this would mean rewriting the 1979 Egyptian-Israeli Treaty which calls for the demilitarisation of the Sinai (apart from a peace-keeping element) once it is handed back to Egypt. A fixed U.S. base in the Sinai would also raise a storm in relations between Washington and Arab countries. Alternative operating areas for the rapid deployment force have been agreed with Oman and Egypt is ready to let the U.S. use Ras Banas on the Red Sea coast.

Mr. Alexander Haig, the Secretary of State, said before Congress this week that there was no chance of a United Nations peace keeping force for the Sinai, because the Soviet Union would veto the idea.

France steps up controls on textile imports

BY DAVID WHITE IN PARIS

THE FRENCH Government is to reinforce customs surveillance of textile imports as part of a series of initiatives to reduce the pressure of low-price competition.

The stepping-up of controls, designed to reduce the volume of textile goods entering the country fraudulently labelled as being of EEC origin, follows a memorandum from M. André Giraud, Industry Minister, demanding stronger EEC measures against "abusive" imports.

Last month, the Minister warned the European Commission that France would take unilateral measures against increasing imports of Italian sweaters if there were no appropriate moves by the EEC.

The Government is going ahead with plans to negotiate separate bilateral agreements with half a dozen unspecified countries in order to limit imports of specific products — T-shirts, sweaters, gloves, shirts, blouses, anoraks and dresses.

M. Giraud said that the Government is taking this course in an effort to avoid the need to invoke safeguard clauses.

At the same time, it is pressing for a new international Multifibre Agreement that would take account of the situation on the domestic market.

Stricter monitoring of imports was already promised last November, when the Government brought out a special incentive package for the textile industry aimed at increasing the rate of investment by about a third, or FFr 1bn (£90.3m) a year.

This package, including soft loans, was criticised by industrialists as being inadequate in the face of a 5 per cent decline in activity last year, import penetration of 50 per cent and a trade deficit in the sector of FFr 3.6bn.

M. Andre Giraud: sharp letter to Brussels

U.S. naphtha move 'will help to peg prices'

By John Wyles in Brussels

MOVES by the U.S. this week to permit exports of naptha to Europe should help stabilise European prices for the product, according to U.S. officials.

The decision represents the first serious U.S. response to complaints from European chemical manufacturers that their competitive position is being crucially undermined by U.S. companies' access to cheap feedstock such as naptha which is not available on world markets.

However, officials acknowledge that making U.S. naptha available for export is only a very partial help to European manufacturers since the lifting of the export ban affects only paraffinic and not aromatic naptha.

Rhys David writes: An attack on the EEC Commission for failing to propose emergency action against U.S. textile exports at the Council of Ministers meeting this week was launched yesterday by the British Textile Confederation.

The commission had demonstrated its lack of will and ability to defend the UK textile industry from disruption by U.S. exports, Mr. Leonard Regan, the BTC president, claimed. Moreover, it was attempting to conceal its failure.

UK coal accord with Brazil could bring £174m orders

BY PAUL CHEESERIGHT

THE UK GOVERNMENT yesterday signed an agreement with Brazil to help the development of a coal-based energy programme.

Projects which could bring \$400m (£174m) of orders to British industry are already under negotiation and study.

Within the framework of the agreement, Babcock Contractors, a subsidiary of Babcock International, will co-ordinate the response of the British coal industry in its liaison with Brazil.

Babcock has signed an agreement to this effect with Companhia Auxiliar de Empresas Electricas Brasileiras (CAEEB), representing the Brazilian coal industry.

The first tangible result of the agreements is likely to be a contract signed towards the end of this year for the conversion of the Santa Cruz power station from fuel oil to coal gasification. The total cost of the project is \$450m, of which the imported content would be \$80m.

Babcock is collaborating with Northern Engineering Industries to win this deal. They are believed to be in competition with Foster Wheeler Energy, the UK subsidiary of the U.S. contracting group. The Brazilian authorities hope to make a choice between the competing proposals today.

Other projects at an early stage of negotiation with UK companies and the subject of feasibility and engineering studies on the ground include the development of the Prospera coal mine, which is linked to the Santa Cruz power station development, and the first stage of the development of the Capivara mine.

Another project identified by the two governments for co-operation is a gasifier plant for Rio de Janeiro, Sao Paulo and Rio Grande do Sul. Babcock is hoping to sell gasifiers to Brazil.

Whether orders are actually placed in the UK for these and other projects which might spring from the agreement depends on harnessing British technological skills in the coal industry to attractive financial packages.

Financing will have to be arranged for each project. No general line of credit is being made available.

The UK-Brazil agreement is one of a number signed by the Brazilian Government with different energy-producing countries

Iran moves towards a state monopoly of foreign trade

BY TERRY POVEY IN TEHRAN

HALF OF all Iran's trade will come under Government control during the next year, Mr. Hussein Kazempour - Ardebili, the new Commerce Minister, said yesterday. His ministry had a duty to establish a state monopoly.

The Minister's comments followed Tuesday's decision by the national Parliament that the Government must produce detailed plans for the nationalisation of foreign trade within two months.

Iran's constitution specifies that foreign trade should be in the state sector. Steps taken in the 10 months since the constitution was approved include the establishment of import centres for steel, textiles, wood and paper, and machinery.

Before the war with Iraq, it was planned to increase these centres. According to Mr. Kazempour "40 per cent of the volume of foreign trade passes through the existing centres." These have "some deficiencies."

The Minister plans to concentrate on re-organising the existing centres, believing that if this can be achieved within the next six months then a model for new centres will be established.

Doubts about moving too rapidly towards full nationalisation of Iran's foreign trade were expressed when the matter was briefly debated in Parliament on Tuesday.

The majority of deputies, however, including both supporters of President Bani Sadr and the fundamentalists, voted in favour of pushing ahead with the plan

According to official statistics, Iran's total cleared imports during 1980 were valued at \$12.25bn, an increase of 25 per cent over 1979. A total of 13.8m tonnes of goods were involved,

Swedish group wins £96m Libya contract

By William Dullforce in Stockholm

SKANSKA Cementgjuteriet, the Swedish contruction group, has won a SKr 1bn (£96m) order from Libya's social security fund to build a hotel in Benghazi and two tourist resorts on the Mediterranean.

The contract, signed in Tripoli on Tuesday, is the biggest order obtained by Skanska. It brings the value of its Libyan orders to SKr 1.6bn and its total foreign order book to almost SKr 3bn.

The resorts, sited near Benghazi and Tripoli, will include terrace houses, motels, restaurants, swimming pools, shops, clinics and mosques.

The Tripoli site will have about 100 small villas. The hotel in the centre of Benghazi will have 288 rooms with restaurants and cafeteria.

The resorts are turnkey projects which Skanska is to deliver in three years.

U.S. in duty-free change

WASHINGTON — The U.S. Administration will cut the amount of duty-free imports from Taiwan, Hong Kong, Korea, Mexico and Brazil because they no longer fall under its definition of a poor nation.

The U.S. Trade Representative's office said the duty-free treatment would be removed from about \$4.2bn (£1.8bn) of imports as a result of an annual review of economic policies to help developing countries.

President Reagan will sign an executive order later this month removing part of the special treatment provided by the U.S. system of generalised preferences, the office said.

Reuter

Washington ponders ways to counter-attack Paris on export credits

BY PAUL CHEESERIGHT

THE EDGE to the international dispute about export credits was sharpened earlier this week, when the Japanese Government declared an intention to extend the use of mixed credits, that blend of aid and credits which ends up as concessional finance to the borrower.

Similar moves have proliferated, not least in the UK, since the world's leading industrial nations found last December that they could reach no new agreement on disciplines to control the use of subsidised credit as they compete for capital projects contracts in developing countries.

The internationally agreed guidelines on officially backed credits have in recent years moved sharply out of alignment with market interest rates in much of the industrialised world. The U.S. wanted the two sets of rates brought into closer harmony. They failed to win their way, blaming France above all.

Antagonism towards France over its refusal to accept changes in the guidelines has built up in Washington during recent months. Officials are now examining section 301 of the 1974 Trade Act, which permits the U.S. to retaliate against nations engaging in unfair trade practices. And the U.S. feels that France's liberal use of subsidised credit is unfair.

The main U.S. export credit agency, the Export Import Bank, by law has to be self-sustaining; it borrows from the market up to limits set by the Government and then itself lends at rates of interest which perforce have to be aligned with those of the market. It will make its first loss in 1982.

But, officials concede, use of section 301 would be akin to "surgery with a meat axe." Certainly, if, for example, the U.S. were to retaliate against France by selectively raising tariffs on French goods, the result would be not an export credits war, but a trade war.

However, the fact that even at a relatively low level such considerations are being discussed is an indication that at least part of the close-knit trade establishment in Washington has run out of patience.

No secret is made of the fact that the U.S. has started selectively to abandon the international export credit guidelines as a way of forcing France to the negotiating table ready to make concessions on interest rates.

The favoured U.S. tactic is to offer borrowers loans of long maturity, even though they might be at higher rates of interest than those offered by the French in line with the international guidelines.

In Argentina, in competition for a Buenos Aires underground railway contract, the French, with better equipment and a cheaper price than the U.S. contender, offered a loan of seven and a half years' maturity at the accepted international rates—probably just under 8 per cent. The U.S. countered with an offer of a 15-year loan at near market rates, five years larger than the term permitted by the international guidelines.

This was done in the knowledge that the U.S. supplier was unlikely to win the contract. But it forced France to extend the term of its loan at the subsidised rate, thus making it more costly. Similar tactics have been adopted in Mexico and the Ivory Coast.

However, European specialists are sceptical about the ability of the U.S. to force France to negotiations, which would be constructive in Washington terms, while at the same time cutting back Eximbank's financial power.

In President Ronald Reagan's budget, Eximbank's authority to make new direct loans was set at \$4.4bn for 1981-82, 12 per cent less than planned by the Carter Administration. Although this has been criticised by major U.S. exporters, they apparently have been told by the White House the cuts must be accepted as part of the overall package to start the U.S. economy moving more swiftly.

There is also the fact that President Reagan has been tardy in appointing a new Eximbank president. Indeed, many of the highest staff left with the change of Administration, so that the institution is effectively leaderless and has placed a moratorium on lending.

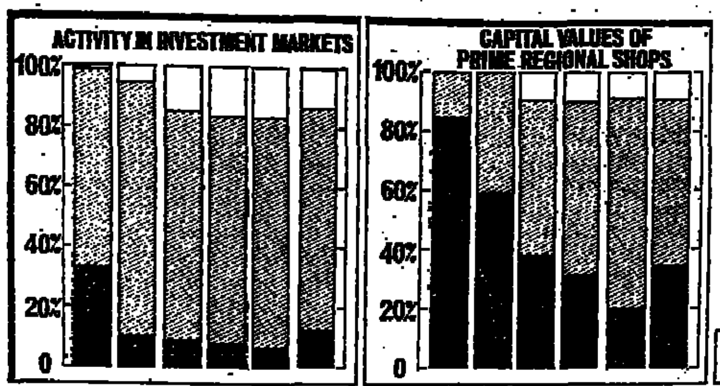
The new board will be faced, broadly, with a choice of two approaches. Either it can continue lending across the board but at a lower level, or it can target its lending to selected countries and support selected sectors of U.S. industry.

Opinion in Washington leans towards the second approach, which would at the same time tie in with the policy of seeking to outflank the French.

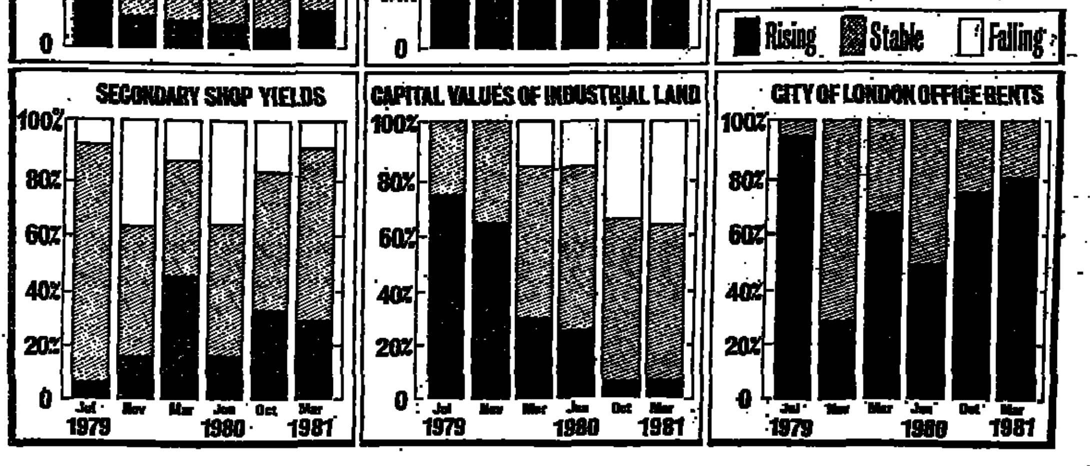
But the hand of both the new Eximbank board and the Administration may be forced by a gradual build-up of pressure on Congress. Last week a politically bipartisan resolution was introduced in the Senate, calling on the Administration promptly to conclude an international agreement on credits

Next week, two Republicans, Senators John Heinz and Jake Garn, are expected to introduce a bill permitting Eximbank to set up a special fund to counter "foreign predatory export financing."

UK NEWS – THE FT/RICS PROPERTY INDICATORS



● A poll by the Royal Institution of Chartered Surveyors. RICS member firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.



AREAS — Compared with three months ago:		LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NATIONAL
QUESTION 1 What is the trend in rents?		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(a) Offices	R	81	65	62	46	10	9	10	—	15	8	40	27	33	67	37
	S	19	35	38	54	90	91	90	100	85	92	60	73	56	33	62
	F	—	—	—	—	—	—	—	—	—	—	—	—	11	—	1
(b) Prime Regional Shops	R	27	—	20	26	20	31	50	14	50	9	53	14	44	67	28
	S	73	50	70	74	70	62	50	86	50	73	47	86	56	33	65
	F	—	50	10	—	10	7	—	—	—	18	—	—	—	—	7
(c) Secondary Shops	R	—	7	9	20	11	8	—	14	27	—	23	29	12	33	14
	S	91	62	55	60	78	58	80	79	73	83	71	57	75	67	69
	F	9	31	36	20	11	34	20	7	—	17	6	14	13	—	17
(d) Modern Factories	R	—	—	—	3	—	—	9	7	—	—	5	—	—	—	2
	S	50	80	100	86	60	62	64	53	79	54	84	69	63	50	72
	F	50	20	—	11	40	38	27	40	21	46	11	31	37	50	26
(e) Modern Warehouses	R	25	—	8	7	—	—	9	7	—	—	5	7	—	33	5
	S	25	80	92	86	70	77	64	60	86	62	95	71	67	67	76
	F	50	20	—	7	30	23	27	33	14	38	—	22	33	—	19
QUESTION 2 What is the trend of invest yields?																
(a) Offices	R	—	—	—	4	18	7	9	—	9	—	7	7	—	—	4
	S	95	75	69	81	82	93	91	100	91	100	86	93	100	100	88
	F	5	25	31	15	—	—	—	—	—	—	7	—	—	—	8
(b) Prime Regional Shops	R	10	13	8	—	20	7	—	—	—	—	—	—	—	—	4
	S	80	60	58	78	70	77	91	92	91	92	63	71	88	50	76
	F	10	27	34	22	10	16	9	8	9	8	37	29	12	50	20
(c) Secondary Shops	R	18	43	38	35	67	33	30	23	11	17	13	29	29	—	29
	S	82	50	54	58	33	58	60	69	89	83	74	50	57	50	62
	F	—	7	8	7	—	9	10	8	—	—	13	21	14	50	9
(d) Modern Factories	R	25	—	23	19	40	54	36	36	9	38	29	23	29	50	28
	S	75	100	77	70	60	46	64	57	91	54	64	77	71	—	67
	F	—	—	—	11	—	—	—	7	—	8	7	—	—	50	5
(e) Modern Warehouses	R	50	—	23	19	40	54	36	36	9	38	14	20	12	—	26
	S	50	100	77	74	60	46	64	57	91	54	79	80	88	100	71
	F	—	—	—	7	—	—	—	7	—	8	7	—	—	—	3
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	76	60	55	32	11	18	22	—	8	—	29	27	37	50	33
	S	24	40	45	64	67	64	78	85	84	90	65	67	63	50	61
	F	—	—	—	4	22	18	—	15	8	10	6	6	—	—	6
(b) Prime Regional Shops	R	18	21	33	36	20	39	50	21	42	17	63	36	56	50	35
	S	73	50	58	64	60	46	50	72	50	58	37	64	44	—	56
	F	9	29	9	—	20	15	—	7	8	25	—	—	—	50	9
(c) Secondary Shops	R	—	—	—	12	12	17	—	14	27	—	12	14	12	—	10
	S	82	75	73	64	44	42	80	50	64	75	75	64	63	50	65
	F	18	25	27	24	44	41	20	36	9	25	13	22	25	50	25
(d) Modern Factories	R	—	—	7	11	—	7	—	—	7	—	6	—	—	—	4
	S	75	80	62	63	45	29	73	40	64	31	65	54	50	—	54
	F	25	20	31	26	55	64	27	60	29	69	29	46	50	100	42
(e) Modern Warehouses	R	33	—	17	15	—	7	—	—	—	—	6	7	—	—	6
	S	34	80	58	59	60	43	73	47	79	38	76	64	67	100	61
	F	33	20	25	26	40	50	27	53	21	62	18	29	33	—	33
(f) Industrial Land	R	33	—	20	8	10	—	20	—	7	—	11	—	—	—	7
	S	34	100	50	65	50	57	50	40	57	36	61	69	75	100	57
	F	33	—	30	27	40	43	30	60	36	64	28	31	25	—	36
QUESTION 4																
Activity in Investments Mkts	R	16	15	11	24	11	10	11	—	—	—	25	14	—	—	13
	S	79	77	78	67	78	70	89	82	78	70	63	71	88	50	74
	F	5	8	11	9	11	20	—	18	22	30	12	15	12	50	13

Weaknesses emerge

A LEVEL-HEADED property market with few illusions about prospects for tenant demand and rental increases during the remainder of 1981 is the picture which emerges from the 16th Business Indicator Poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

The latest poll presents a subdued but realistic picture of the national property scene and reflects a widespread belief that the pattern is not likely to show any fundamental improvement in the near future. There is, equally, an underlying confidence that little further significant deterioration will take place and that, for most sectors, tenant demand and rentals will now remain fairly stable or show marginal increases.

At the same time, investment yields have remained generally stable and capital values have shown few signs of weakening as the search for prime investments continues.

The poll confirms that the market remains largely polarised between London and the south east and the remainder of the country, although there have been one or two bright-spots away from the influence of the capital. Whereas several parts of the market in the south east are, according to the respondents, still recording encouraging levels of tenant demand and fair rental performance, the position in most other areas is generally weak and there is less optimism about the short-term outlook.

There is, however, almost universal agreement on the current state of the industrial property market, with falling demand, static or declining rents and few indications of any material improvement the most common pattern.

Despite the recession, the state of health of the office market confirms the continuing resilience of the service industries and nowhere is that strength more marked than in the south east. The poll shows that office rents in the region are still rising, with the number of respondents believing this to be the case actually increasing since the last market review in October, 1980.

Static

Apart from one or two exceptions involving centres in the south west (where shortages are still pushing up rents) and parts of Wales, the general pattern elsewhere is one of stable demand and static rents.

Confidence over prospects for significant growth in office rentals during 1981 is generally muted, although rents for prime buildings in the City of London and the West End are expected to continue rising against a background of very selective demand and limited supply.

One West End agent points out, however, that while a year ago there was still demand for large amounts of new space (up to 100,000 sq ft), the top end of tenants' current requirements is nearer 40,000 sq ft. Demand for small Mayfair suites remains good, period headquarters buildings are still very difficult to let and prime office rents can be generally expected to rise in line with inflation.

Investment activity in the office sector overall has remained largely unchanged, though again there has been some noticeable increase in the south east and the south west.

In the retail sector, shop rents in the West End are still falling and no poll returns record increases. The pattern is one of almost universal gloom with rents falling, a rising volume of empty space and little confidence that the position will begin to improve in the near future.

As one agent puts it: "The West End retail market suffered badly during 1980, with substantially less tenant demand, lower rents and greater availability of shops. The profitability of West End shops is very much influenced by the tourist factor. Hence, rental growth has been and will continue to be affected by the Sterling exchange rate.

"If this is reduced relative to other currencies in the coming months, it will be a positive factor, but the effect is likely to be delayed and not apparent until 1982."

Elsewhere in the country, demand for prime retail space is generally regarded to be fairly static, with rents having levelled off. Some agents expect a resumption of rental increases later and in a few regions—notably the north west, south west, Wales and Northern Ireland—rent rises are now being achieved.

One respondent reports that demand for both prime and secondary retail units within the Merseyside area is still strong and, despite the economic recession, expects the present trend to continue throughout the remainder of this year. Large premiums obtained in 1980 may not, however, maintain previous levels. In the south west, as in the north west, prime space is only rarely available but one agent says there is strong tenant demand for prime and secondary retail space when compared with a year ago and rising rents are projected throughout 1981.

The poll reveals the full extent of the impact of the industrial recession on the market for factory space and provides a clear indication of which parts of the country are suffering most. The national picture appears to be one of rental stability, although the number of replies suggesting falling rentals has increased since the October inquiry. Worst hit are the north, the north west, Yorkshire and Humberside and the West Midlands.

Most respondents say that demand for factory space is considerably down on a year ago, with rents either static or falling. One agent in the West Midlands, where record amounts of industrial space are lying vacant, says the position has got "much worse" and neither can he foresee any improvement in 1981.

Investment yields have, despite the poor market background, generally remained firm. Yields on offices in London and the south-east have shown further falls since the last poll, although there is some evidence that they have risen a little in areas like the north and West Midlands.

Prime shop yields have continued to fall in London and the south-east, ignoring the short-term state of the retail trade, while elsewhere they have remained fairly constant. Yields on secondary retail units have also shown little change and, on a national basis, indicate nothing more than a slight upwards movement since last October. Yields on modern factories and warehouses have tended to stop rising.

In almost all major sectors, capital values have, despite the market's present weaknesses, continued to strengthen on the back of continued investment pressure. The position has remained firm in respect of City of London offices while the West End market recorded a big increase in the number of poll participants reporting rising values for office space.

Michael Cassell

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Laker air fare rises postponed

By Michael Donne, Aerospace Correspondent

LAKER AIRWAYS, which announced higher transatlantic air fares from March 10 has postponed the rises until April 7. From then, fares will have to increase, but probably by less than originally planned.

This decision, announced by Laker yesterday, stems from the fact that the increases appear to have been too steep, resulting in a slackening of new bookings, especially in the wake of the Budget which the airline believes has cut consumer purchasing power considerably already.

The increases originally proposed included a rise from £92 to £150 in the Super Economy single fare between London and New York, with the excursion return rate rising from £189 to £241. Comparable rises were introduced on the Skytrain routes to Miami and Los Angeles.

These rises were introduced to meet soaring costs, especially fuel, which has risen substantially in the past few weeks inside the U.S., following the deregulation of domestic oil prices.

Laker said yesterday it was offering a return to the "highly competitive pre-Budget prices, prices we will guarantee if paid in full before April 7."

GLC travel survey

GREATER LONDON COUNCIL has appointed four independent consultants to carry out a £1m survey of the travelling habits and needs of Londoners.

London Transport and British Rail are carrying out their own surveys, but work on the GLC survey will not start until September and will finish in June next year. GLC's consultants are MAS Survey Research, in association with Jamieson Mackay and Partners, MIL Research, and Gordon Simmons Research.

Personnel moves

MR. RICHARD Cole, managing director of the treaty reinsurance division of Seascope Holdings, a leading medium-sized marine insurance broker, has left the company and is joining the insurance operations of Ropner Holdings, the publicly quoted engineering and shipping group with insurance interests.

Another five members of the reinsurance team at Seascope are understood to be joining Mr. Cole at Ropner. The five will be linking up with Mr. Michael Tucker, a former colelague at Seascope.

Observer decision

A DECISION by Mr. John Biffen, Secretary of State at the Department of Trade, is expected today on whether Lonrho's acquisition of The Observer newspaper should be referred to the Monopolies and Mergers Commission.

It is understood the bid is likely to be referred to the commission for study. If Lonrho's deal is referred under the clauses of the Fair Trading A ct 1973 the commission is required to report within three months.

Magazine plan

A NATIONAL magazine for the caravan and car trade is to be launched in May from Consett, the former steel-making town in County Durham.

Called Motor Mart, it will be printed in Carlisle but will have a head office at Consett employing about 10 people. The man behind it is Mr. Tom Dinnery, 54, an American businessman born in North East England, who has resettled there.

Cake makers' protest

BRITAIN'S cake and biscuit manufacturers are concerned that EEC moves to impose a levy on vegetable oils to protect olive oil producers could hit their domestic and export trade.

Mr. William Palmer, chairman of the Cake and Biscuit Alliance, says in his report published today that "as olive oil is not suitable for the manufacture of cakes and biscuits, the effect of such a levy would be to reduce their competitiveness."

Security trade fears

MUCH OF the security and fire prevention industry is moving into considerable difficulty, says a report published by ICC, market analysts, today.

The report says a high number of companies are increasing business yet not maintaining profits growth in line with demand.

Garden tourists

ABOUT 7½m people will visit English gardens open to the public this year, Mr. Michael Montague, chairman of the English Tourist Board, said in London yesterday.

Census provides jobs

THE OFFICE of Population, Censuses and Surveys has recruited about two thirds of the additional 1,500 staff needed for the 1981 census from the unemployed.

Insurance Ombudsman will handle policyholder complaints

BY ERIC SHORT

Policyholders in dispute with their insurance company will now be able to have their complaint dealt with independently by the newly formed Insurance Ombudsman.

This new aspect of consumer protection was launched yesterday (Thursday) with the formation of the Insurance Ombudsman Bureau—a scheme devised by three major composite insurance groups, General Accident, Guardian Royal Exchange and Royal Insurance. The aim is to provide an independent service to consumers holding policies with the companies in the personal insurance field, the costs being met by the insurance companies in the Bureau.

The Ombudsman is Mr. James Haswell, a lawyer who has gained wide experience in both private practice and the Army Legal Corp. He will have complete freedom to adjudicate on the merits of a complaint, with free access to all relevant documents. The member companies of the Bureau have agreed to accept his decision on claims up to an award of £100,000. But his findings will in no way prejudice the consumer's rights to seek redress through the courts.

The affairs of the Bureau will be controlled by a Council comprising of up to 12 members, of which at least four will be chosen for their involvement in consumer affairs. The chairman of the Council is Mrs. Joan Macintosh, vice chairman of the National Consumer Council. The Council is responsible for appointing the Ombudsman and giving him general directions.

The scheme covers claims on most classes of general insurance policies, the main exception being third party motor claims. But coverage of claims on life insurance contracts is limited.

The three founder companies are inviting all other insurance companies to become members so that the coverage can be extended. But the initial response has been disappointing. At present only six other companies have joined the IOB, including Legal and General Assurance and Phoenix Assurance. Eight other companies issued a statement saying that they were investigating the merits of the scheme but were also studying alternative arbitration schemes.

The Sun Alliance Group, one of the eight companies, indicated that one possibility would be a simple scheme run by the Chartered Institute of Arbitrators. Some insurance companies seem to be reluctant to join a scheme in whose method of operation they have no say.

The British Insurance Association said that it was a matter for each member company to decide for itself, while the Life Offices association would not commit itself until it had studied the operation of the Bureau. But individual life companies feel that it is irrelevant and unnecessary.

Historic buildings survey speeded

BY JAMES McDONALD

RE-SURVEYING of historic buildings is to be speeded "dramatically" so that the protective listing process is completed by 1984, instead of in 10 to 15 years as at present planned, Mr. Michael Heseltine, the Environment Secretary, said in London yesterday.

A major factor in the decision to accelerate the programme was what Mr. Heseltine called "the deplorable demolition of the Firestone Factory" last autumn by Trafalgar House group.

The Department of the Environment is in considerable doubt about how many buildings there are to be listed. In 1970, when the re-survey programme started there were 273,000 buildings listed.

About one-third of the country has been completely re-surveyed, according to the latest listing criteria and the Department thinks that there are at least 250,000 buildings in the remaining two-thirds of the country to be listed.

Most are in rural areas. "The list seems to keep on growing," said an official.

If the 1984 completion target could be achieved it would mark "a major step forward in ensuring that a very substantial part of this country's architectural heritage is provided for the first time with basic safeguards," Mr. Heseltine told a British Tourist Authority seminar on the Montagu Report on safeguarding and using historic buildings.

To achieve the new target date the Department will draw more extensively on assistances of county councils for inspection in the field, and there will be a "modest" increase in its own professional resources.

Finniston urges engineering authority

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SIR MONTY FINNISTON yesterday called on Sir Keith Joseph, Industry Secretary, to set up a statutory engineering authority or at least abandon plans for the engineering council chartered body.

Sir Monty chaired the inquiry into the engineering profession which reported 15 months ago.

He called for a ballot of all engineers—in practice, those who are members of the engineering institutions. He is convinced this would provide a majority in favour of a statutory body, the Finniston Report's main recommendation.

Industry pressure on Sir Keith to set up the council is growing. The presidents and leading officials of the Confederation of British Industry and the Engineering Employers' Federation met him this week.

They said the Government has leant over backwards to accommodate the professional institutions' demands. It was time for Sir Keith to go ahead with the council.

He is to meet the presidents of the 16 engineering institutions and the Council of Engineering Institutions on Tuesday.

Sir Keith called the meeting presumably to find a solution to the institutions' objections to the proposed charter for the council.

Block grant defects to be aired at informal meeting

BY ROBIN PAULEY

ENVIRONMENT DEPARTMENT officials and local authority leaders are meeting in Bristol today to try to settle some of the more serious defects in the Government's system of distributing grant to councils.

The School for Advanced Urban Studies, Bristol suggested the officials should meet there today to try to agree informally on improvements to the system before the official detailed work begins in the Grants Working Group for 1982-83.

It is too late to do anything about the muddle which has arisen for 1981-82 but officials all agreed that a meeting might be useful far away from London. There, official meetings in the past year led to hostility between local authorities and the Government.

The difficulties arose in the Government's attempt to build up a detailed profile of what it thought each council ought to spend, its grant-related expenditure assessment (GREA).

Calculations were made for each service. These were added together to give a total GREA, on which the Government based its calculation of how much grant to give each coucil.

In many cases the results were far removed from both the councils' ideas of their spending needs and the amounts they had previously spent.

The most inconsistent results appeared in GREAs for parts of the education assessment, housing, part of social services and transport.

By common consent the worst results were in housing. There many prudent councils will be penalised for following Government policy by selling council houses, keeping rents low but often economic, and by not engaging in large-scale new building programmes.

The Grants Working Group has a new chairman, Mr. Derek Osborne. He replaces Mr. Peter Owen, an Environment Department officials who has not been convinced about the block grant scheme and who has been promoted, to Leeds.

Mr. Osborne is anxious not to have a repeat of the past year of acrimony over the GREAs. He has gone to Bristol with Mr. David Hyams, the Department statitician responsible for much of the calculation for this year's figures.

Local authority officers, who are sceptical about the whole concept of GREAs, were said to be attending the meeting with plenty of goodwill but not a great deal of hope.

● The Government yesterday sent its new rules for the running of local authority direct labour organisations, including the requirement to achieve a rate of return of 5 per cent on capital, to all councils in England and Wales. The rules come into force on April 1.

DLOs are engaged primarily in highway works, sewerage construction and maintenance, and building and maintenance work in council housing.

Turner watercolour sold at Sotheby's for £34,000

A WATERCOLOUR by Turner "The cedars of Lebanon," prepared for Finden's "Landscape Illustrations of the Bible" in the mid 1830s but not used, sold for £34,000 at Sotheby's yesterday to Thomas Gibson, the London dealer, who will have to pay an extra 11.5 per cent in buyers' premium and valued added tax.

Other London dealers buying in an auction of British watercolours which totalled £318,510 were Leger Galleries, who bid £27,000 on behalf of the British Museum to secure "The castle of Sant'Elmo, Naples" by John Cozens; Agnews, who paid £16,000 for "The Harbour at Weymouth" by Thomas Girtin, recently re-discovered in a Yorkshire attic; and, respectively, £15,000 and £12,000 from Spink for an album of watercolours of Calcutta by William Prinsep and a view of a frozen Serpentine in 1786 by Julius Caesar Ibbetson.

In the sale of British paintings on Wednesday the portrait of Mr. and Miss Bonner by Arthur Devis was bought by Richard Green for £85,000.

There was also a good paintings sale at Sothebys Beresford Adams in Chester yesterday. "Village Merriment" by Constantinous Coene sold for £9,000; a street scene by Lowry for £8,000; and a still life with flowers by Theude Gronland for £7,000.

At Christies, a Venetian walnut and parcel-gilt bureau cabinet of the mid-18th century sold for £28,000 to a Continental dealer, and a Genoese rosewood bombe bureau of the same period doubled its estimate at £16,000 in an auction of Continental furniture which totalled £243,950.

A portrait of Charlotte Digby by Thomas Hudson sold at Bonhams for £2,600. At

SALEROOM

BY ANTONY THORNCROFT

Christie's South Kensington a pair of French porcelain rectangular plaques went for £950.

Edmund Penning Rowsell writes: The most unusual item in Christies first finest and rarest wine sale of the year yesterday was a small collection of ancient bottles from the Torpoint Cornwall, cellars of the Carew Pole family.

The collection included single bottles of 1855-bottled madeira (£105), of very strong navy rum, believed by the family to have been at the Battle of Trafalgar (£86), and of whisky in late 18th-century bottle (£105).

The highest prices were given for single bottles of 19th-century Lafite vintages, in the final section of the sale of the cellar of the Darroze Restaurant at Villeneuve-de-Marson—1865 (£900), 1968 (£520), 1887 (£155) and 1900 (£320).

For more recent first-growth clarets, the top prices included £135 for one bottle of Mouton Rothschild '45, £125 for another of Lafite 45 and £320 for three bottles of Latour '45. A magnum of Mouton Rothschild '47 reached £310. Six magnums of Romanee-Conti '71 went for £1,150.

Redpath wins £37m contract

By Ray Perman, Scottish Correspondent

A £37m contract for a steel jacket for Mobil's North Sea Beryl field, the subject of intense rivalry between two British-based yards, has been awarded to Redpath De Groot Caledonian.

The British Steel Corporation has a substantial stake in the Redpath yard at Methil, Fife. Mr. Ian MacGregor, BSC chairman, played an active part in winning the order against competition from Hikhlands Fabricators, based at Nigg on the Cromarty Firth.

Mr. MacGregor said yesterday he had assured the Mobil directors the Methil yard would do an excellent job.

The corporation will supply most of the steel for the 13,250-tonne jacket—which will be one of the largest steel structures in the North Sea from its plate mills at Dalziel, Clydebridge and Scunthorpe. But some prefabricated sections are being ordered from Japanese steelmakers, it is understood.

Oil companies usually order the steel for jackets themselves rather than leaving it to the yard—which will carry out the construction. Some recent large structures, although assembled in Britain, have been built from foreign steel.

BSC, however, has won several recent smaller orders for North Sea works and has broken into the market for sea-bed pipelines with a pipe for Shell's West Sole field.

The new jacket, to be designated Beryl B, will be the second on the field, 95 miles south-east of Shetland.

Construction will take two years. Production is expected to start in summer 1984, building up to 85,000 barrels a day early the following year.

Two more contracts, for the deck and for living accommodation for 200 men, will be placed by Mobil this summer.

The Beryl A platform has been in production since 1976. Its output is 110,000 b/d.

Mobil owns half the equity in the field. The rest is held by two other U.S. companies, Amarada and Texas Eastern, and by the Gas Council of Great Britain.

About 550 men are employed at Methil. This will rise to 600 next year when construction reaches its peak. The project will be managed jointly by Redpath De Groot and UIE/UK, the French group, which will also carry out some fabrication work at its British yard at Clydebank.

Steel stockholders to meet MacGregor

BY ALAN PIKE

STEEL stockholders' representatives will meet Mr. Ian MacGregor, chairman of the British Steel Corporation, next month amid increasingly angry exchanges over unreasonable competition.

Mr. Richard Rawlings, director of the National Association of Steel Stockholders, yesterday wrote to Mr. MacGregor expressing "great disquiet" about remarks made by the BSC chairman to the House of Commons Industry and Trade Committee on Wednesday.

Mr. MacGregor said then a change was taking place in the stockholding business. This was "bound to cause some distress" to stockholders.

He suggested that, as BSC's efficiency improved, the corporation would be able to deal directly with some customers who would otherwise deal with stockholders.

Next month's meeting was arranged before Mr. MacGregor's comments on Wednesday. The fact that the association has also felt it necessary to write asking for an explanation of Mr. MacGregor's remarks shows how sensitive relationships between BSC and the stockholding industry have become.

Between 40 and 50 per cent of all steel in Britain reaches customers through stockholders. The stockholding industry has been worried about whether it would retain this substantial share of the market, without a fight, ever since Mr. MacGregor began adopting allegedly "aggressive" marketing techniques in his efforts to revive BSC.

A number of stockholders have accused BSC of engaging in unfair competition through its own stockholding company, British Steel Service Centres. Mr. MacGregor denies that British Steel Service Centres enjoys any price advantages over private stockholders.

But many stockholders appear unconvinced. They are threatening to increase their purchases of imported steel unless a reasonable accommodation can be reached with BSC.

Architects' orders decline

BY MICHAEL CASSELL

THE VALUE of architects' new commissions fell in real terms by more than 30 per cent in 1980 and is now running 60 per cent down on the peak figure, achieved in 1972.

The latest quarterly inquiry by the Royal Institute of British Architects reveals the most disastrous set of statistics ever recorded by the RIBA. It provides no indication that the recession in construction is ending.

The inquiry shows that in the last three months of 1980 architects' new commissions had a current price value of £1.05bn against £1.30bn in the previous quarter and £1.43bn in the corresponding period of 1979.

In 1980 as a whole the provisional value of commissions reached £5.34bn, compared with £6.40bn in 1979, a decline of 30.1 per cent when expressed in constant (1975) prices.

The provisional value of work entering the production-drawings stage in 1980 totalled £5.43bn, compared with £5.89bn in the previous 12 months, a fall of 22.5 per cent in constant-price terms.

Fuel oil duty move aids ICI

By Sue Cameron

THE GOVERNMENT announced a minor concession yesterday on heavy fuel oil duty which is expected to put Imperial Chemical Industries on a more equal footing with some of its main competitors.

The measure will give ICI and some other companies the right to duty-free fuel oil for use in certai nrefinery operations. The concession will cost the Exchequer £2m-£3m in a full year. It comes into force in September.

Companies that use heavy fuel oil to power refinery work do not normally pay duty on it, either in the UK or on the Continent.

But in the UK officials make a once-and-for-all decision as to whether a site is predominantly geared to refining operations of to some other form of manufacture, such as chemicals production.

If they decide that refining predominates and that 50 per cent of the fuel oil used there goes to refining, all the plants on the site can be powered with duty-free fuel oil.

This has meant that the chemicals-cum-oil-refinery sites owned by BP Chemicals, Shell Chemicals UK and Esso Chemical at Grangemouth, Scotland; Stanlow, Cheshire; and Fawley, near Southampton, have been entitled to a large measure of relief from heavy fuel-oil duty.

ICI's chemicals complex at Wilton has not, because it is predominantly for petrochemicals production.

The Government now plans full tax relief on heavy fuel oil where a third or more is used for refinery operations.

Where a sixth to a third is so used, companies can reclaim a third of the duty they have paid.

Manufacturing investment falls

BY DAVID MARSH

GROWING DIVERGENCES in the financial health of various parts of industry were underlined yesterday by official figures showing that the service sector last year spent 70 per cent more on capital investment than manufacturing companies did.

Industry ran down stocks by a record amount as the recession deepened throughout the year.

The Department of Industry said the volume of investment by manufacturing, service and distributive industries was £9.65bn at constant 1975 prices last year, unchanged from the figure for 1979.

The quarterly totals declined throughout the year, the second-half figure dropping a seasonally adjusted 2.5 per cent compared with the first six months.

The total for the year is little changed from the provisional figure the Department gave last month.

Investment by manufacturing industry has been revised down to £3.52bn from the initial estimate of £3.56bn. This is a fall of 9 per cent from 1979, with the level in the second half dropping 9 per cent from the first six months.

Investment by the service and distributive industries, except shipping, has been revised upward to £5.98bn, at 1975 prices, for last year, against the earlier figure of £5.94bn, a rise of 5.5 per cent compared with 1979.

Shipping investment 3 per cent up at £157m for 1980, 40 per cent up from 1979.

Unlike the manufacturing sector, investment by the service and distributive industry increased throughout 1980. The fourth-quarter total was nearly double that of the manufacturing group.

Further revised figures show that stocks in the whole of industry fell by £2.05bn last year at 1975 prices as companies cut inventories to match falling sales. The fall was barely changed from the provisional figure of £2.06bn given last month.

Two-thirds of the fall was accounted for by manufacturing industry. Half this sector's stocks decline came in the fourth quarter.

Credit expansion at lowest for a year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly-defined money supply, rose £630m or 0.9 per cent in the month to mid-February. This rise, the lowest domestic credit expansion for a year, was partly offset by expansionary external influences.

Bank of England figures published yesterday show sterling M3 rose 20 per cent in the year to February, but the distortions associated with the removal of the corset mean the underlying annual growth has been 17½ per cent.

The narrowly-defined money supply M1 also rose 0.9 per cent last month for a total rise of 8.2 per cent in the last 12 months. The narrower measure of private sector liquidity, PSL1, increased 16.5 per cent, while PSL2, which includes building society deposits, rose 15 per cent.

Investment by manufacturing industry has been revised down to £3.52bn from the initial estimate of £3.56bn. This is a fall of 9 per cent from 1979, with the level in the second half dropping 9 per cent from the first six months.

In the month to mid-February domestic credit expanded £575m. Among the counterparts, central Government borrowing was £538m and there were very large sales of gilt-edged stocks (£599m) and national savings (£467m) by the public and by financial non-bank institutions.

Money supply (£m)

	Money stock M1		Sterling M3		Bank lending in sterling to UK private sector
1980	change	%	change	%	change
Feb.	−411	−1.5	+330	+0.6	+503
Mar.	+304	+1.1	+302	+0.5	+433
Apr.	−105	−0.4	+216	+0.4	+1,544
May	+115	+0.4	+1,249	+2.2	+370
June	−297	−1.1	+447	+0.8	+438
July	+976	+3.6	+2,954	+5.0	+2,378
Aug.	+60	+0.2	+1,810	+2.9	+900
Sept.	+266	+0.9	+346	+0.5	+560
Oct.	+80	+0.3	+1,235	+1.9	+1,220
Nov.	+228	+0.8	+1,357	+2.1	−44
Dec.	+457	+1.6	+371	+0.6	+856
1981					
Jan.	+8	—	+461	+0.7	+331
Feb.	+270	+0.9	+630	+0.9	+553

All figures seasonally adjusted. Source: Bank of England

Lending in sterling to the private sector increased £553m and commercial bills held outside the banking system fell £230m. The Bank says allowing for this the growth of lending appears to be continuing at "the lower rate of recent months."

Lending in sterling to overseas countries rose £401m, partly in reaction to a freak fall of £164m in the previous month.

External and foreign currency finance was positive at £155m, so "external and foreign currency factors as a whole were a substantially expansionary influence on sterling M3."

There was a further sharp rise of £650m in UK residents' deposits in foreign currencies, more than half of which reflected changes in their sterling values as a result of exchange rate movements during the month.

Civil Service union leaders advise businessmen not to pay taxes

Phillip Bassett reports on the strikers' move to counter plans for the continued collection of Government revenue

CIVIL SERVICE union leaders are trying to persuade employers and VAT-registered traders n an advertisement in today's Financial Times that because of the effects of the strikes over pay there is no need to pay any taxes due.

The Council of Civil Service unions say strikes at key computer centres are blocking two-thirds of Government revenue.

A number of revenue-collecting departments have acted to circumvent the main effects of which are:

Pay As You Earn and National Insurance. Strikes by about 1,000 staff have halted the Inland Revenue's computer-processing centres at Cumbernauld, Scotland, and Shipley, Yorkshire.

The Revenue has countered this by asking [illegible] paying more than £10,000 a month in these taxes to pay direct through bank giro or the Post Office Giro. Civil service unions in Girobank are expected to black such transactions from today. The Banking, Insurance and Finance Union is to black bank giro payments and stop credits and debits to five Revenue accounts and one Customs and Excise account.

Postal payments of more than £3,500 a month to the two centres are being collected by warrant by the Revenue and taken to two sorting offices—one at the Old Deeds Marketing Room, Laurieston House, Edinburgh, the other at the Liverpool Victoria building in the Arndale Centre, Leeds.

These payments, in envelopes coded with an L, are sorted roughly and then taken to Bush House, London, part of the Revenue's headquarters, where senior staff have been processing and banking them.

Pickets have been placed on all three centres.

It is thought the Revenue will send the rest of the sorted Cumbernauld and Shipley mail to the 250 local collection offices for processing.

Staff have been told to black it and the unions are prepared to pull out on strike the 9,000 collection staff if they are threatened with suspension.

The unions may instruct their Revenue members or, if necessary all their Civil Service members to write letters to the two centres to frustrate the Revenue's contingency plan based on the collection of mail.

Corporation Tax and Advance Corporation Tax. Payment of these is normally handled by Cumbernauld and Shipley. The Revenue has instructed tax inspectors' staff to alter their method of processing payments. Large companies have been urged to pay through the Giro system. Staff have been told to include Giro payment forms with the tax assessments.

The unions are instructing their members not to send these forms. They have told the Revenue board that, on legal advice, the Revenue cannot threaten to suspend any staff who do not send the forms, as this is outside normal work.

Value Added Tax. Strikes by 250 staff at the VAT computer centre at Southend have halted new VAT items being processed since March 9. The trade statistics computer has been stopped and the work of the VAT banking unit halted.

The computer processes £250m net in VAT each week, but Bank of England receipts for the week from March 9 show only £48m was banked.

Envelopes from the top 3,500 VAT payers are marked with a V to code them, and those of the top 100 with an S.

The unions believe senior staff have banked a small number of unprocessed cheques from large VAT traders, as the Bank will accept 50 uncleared cheques over its counter from any account in any one day. Some 81,000 cheques are believed to be held up.

Customs and Excise has written to traders asking for their "co-operation in maintaining the flow of Government revenue in a period of difficulty".

The letter asks traders to pay VAT for December 1980 to February 1981 by credit transfer on an enclosed form instead of direct to Southend. Traders are asked to send their return form to Southend as usual, after marking the Payment by Giro box as a rough-and-ready receipt.

The Customs department has been forced to suspend requests for distress or distraint of non-payers, the payments record in the accounting computer is incomplete.

A note from Southend to VAT collectors says traders who are believed to be late with their payments should still be questioned. If the trader claims he has made a return or refuses to give information, instead of proceeding with a request for distraint, "action is to be suspended."

Government payments to contractors. These are normally made by payable orders through their banks issued by the Paymaster General's Office in Crawley, which acts as the banker for all Government departments. Some 35 staff at Crawley are on strike. A note from the office banking services division says payments are being made "blind"—without full checking against estimates.

'Tie-in' sales not to be prohibited

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT had decided no legislation need be introduced to deal with the allegedly unfair trading practices known as "tie-in" sales or "full-line forcing."

The decision was announced yesterday by Mrs. Sally Oppenheim, Minister for Consumer Affairs. It followed a report published yesterday by the Monopolies and Mergers Commission after a two-year study of these trading practices.

"Tie-in" sales occur when the supply of one good or service is tied to that of another, usually from the same supplier—such as a petrol-supplier forcing filling-stations to sell its own brand of oil and anti-freeze products as well as its petrol.

The commission reported that "tie-in" sales were commonly found in connection with machines and equipment, such as photocopiers where conditions required the user to accept the suppliers' servicing facilities, spare parts, or related products.

"Full-line forcing" occurs where a supplier insists his customer takes a range of products rather than just one. Wallpaper retailers, for example, may be obliged to take all the designs from one manufacturer or risk not having any supplies at all fro mthat source.

The commission said examples of strict "full-line forcing" were relatively uncommon although cases of "tie-in sales" and variations of the two were more easily found.

It cited the practices uncovered in a wide range of sectors, including computers, copying-machines, franchising, breweries, insurance, pharmaceuticals, and in supply of television advertising time.

But the commission found that the effects of the practices uncovered in the various sectors varied from case to case. In some cases tying arrangements were justified for technical reasons or led to a reduction in costs.

The commission acknowledged it did not have enough time to examine all the complex issues involved in some sectors.

But it concluded that in most cases the practices under investigation did not appear to operate against the public interest.

"Our review of the practices does not show that there is a sufficiently high proportion of instances of their operating against the public interest to justify general prohibition," the commission said.

Full-line forcing and tie-in Sales, HC 212, SO £3.90.

Satellite decision next week

By Michael Donne, Defence Correspondent

THE WINNER of the contract for a £100m UK defence communications satellite network is expected to be announced by the Defence Ministry early next week.

The competitors are British Aerospace Dynamics Group and Marconi Space and Defence Systems. The winner will be in a strong position to bid for defence and other communications satellites worldwide in the 1980s.

British Aerospace's Dynamics Group said yesterday that it had proposed an alternative deal to produce the satellites with Comsat General of the U.S., and lease them to the ministry.

This would relieve the Government of investing large sums at the start of the programme.

Comsat General has set up communications systems involving 32 different satellites in the past 15 years. British Aerospace has been the chosen prime contractor for the European Space Agency's communications satellite programmes.

It has participated in more than 45 communications satellites, including the U.S. Comstar programme, and has been prime contractor for nine,

Unit trusts at record last month

BY TIM DICKSON

UNIT TRUSTS in February had a record month and this year have taken in more net new money than throughout 1980.

February sales of new units amounted to £84.57m, according to figures published by the Unit Trust Association yesterday. This compares with January's £63.9m. Repurchases of £29.84m—the value of units cashed in—left net new investment at £54.73m, another record.

Excluding the unitisation of investment trusts, the net intake after the first two months has reached £85m against £77m in the whole of last year.

The upsurge has been helped by aggressive marketing. Ten new funds were launched last month; most of them specialising in gilts and fixed interest. They accounted for some £15m-£20m of sales.

Sales have been good for the last six months and repurchases—worryingly high last year—appear to have settled down.

The number of direct unit trust holdings has stopped falling after a ten-year slide. Unit holdings at the end of February totalled 1.735m against a low of 1.721m at the end of December.

Mr. Cholmeley Messer, association chairman, welcomed these "vastly encouraging figures." Gilts and the Far East had attracted much of the new money, but "falling interest rates and inflation" were encouraging people "to turn to the longer risk end of the market."

Edwardes set for £100,000 BL salary

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SIR MICHAEL EDWARDES, BL chairman, has almost completed arrangements to sign his first contract with the company. This is expected to raise his salary to about £100,000 a year.

Since he joined in November, 1977, Sir Michael has been paid by his former company, Chloride, which has been reimbursed by BL.

That arrangement was made when Sir Michael believed he would spend a maximum of three years with BL as chairman and chief executive.

Now, having persuaded the Government to provide £990m more aid in the next two years, he has promised t stay until the end of 1982.

The details of his contract—this time directly with BL—have been worked on for the past three months. It will be some weeks before Sir Michael will be able to sign the document.

BL is, once again, restructuring its management organisation. There have been suggestions that Sir Michael might give up the chief executive's role to ease gently out of the group by the end of 1982.

He could do so while remaining as executive chairman. In 1979, the last year for which details are available, Sir Michael was paid £57,200 by BL, via Chloride.

He will present BL's 1980 results today. These are widely expected to show a loss of about £400m against one of £144.5m in 1979.

At the half-year stage BL reported a loss after tax and extraordinary items of £181.5m compared with a profit of £9.2m at the same stage the previous year.

The group was badly affected by the high value of the pound, which cut its margins on exported vehicles and gave importers a competitive edge in the home market. High interest rates were also a factor. The pressures did not ease in the second half.

BL's corporate plan envisages diminishing losses for 1981 and 1982 and then are turn to profitability as fixed costs in the volume cars division are reduced and output improves as new models are introduced.

But it says it will be five to 10 years before BL achieves "business results of a standard which will attract external funds on normal commercial terms."

Code of practice for motor trade is revised

BY JOHN GRIFFITHS

A REVISED code of practice for the motor trade, intended to improve safeguards for the motorist on new and used car sales, servicing and repairs, was announced yesterday.

The code, drawn up by the Society of Motor Manufacturers and Traders, the Motor Agents' Association and the Scottish Motor Trade Association, was unveiled by one of the stronger critics of the trade's performance, Mr. Gordon Borrie, Director General of Fair Trading.

Mr. Borrie said he was "delighted that a number of important changes" had been made to the code. It had become significantly more demanding. But at the same time he warned that for it to be effective it required adequate support from the trade.

"I shall want to see compelling evidence in the next monitoring report that trading standards have been raised in all areas covered by the code," he said.

Last year Mr. Borrie warned he would ask the Department of Trade to introduce legislation to regulate all areas of the motor trade unless the code—drawn up in 1976—was made more effective. The OFT is carrying out its own investigation into servicing and repairs, its fastest-growing area of complaints.

The revised code, which takes account of a number of changes in consumer legislation since 1976, removes much of the ambiguous wording of the original, in many cases inserting the word "must" instead of "should." It provides that:

- New cars must be delivered to manufacturers' standard; pre-delivery inspection must be properly carried out and a checklist given to the buyer. Warranty work must be carried out rapidly and effectively.
- Used cars must display a checklist of defects and this must be passed to the buyer.
- Mileometer reading must be verified by a signed statement from the previous owner.
- Repairs and servicing must be carried out in a proper and workmanlike manner and be guaranteed against failure caused by bad workmanship. Parts supplied must be of merchantable quality.
- Estimates and quotations must be provided in written form, stating the VAT rate.

Road transport forecasts

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

DEMAND FOR road transport services is expected to show only a very modest revival between next year and 1984, according to forecasts from one of Britain's largest transport operators.

The forecasts are based on a study—by an operator with more than 10,000 lorries—of the current and expected performance of the British economy, in particular of manufacturing. This with distribution, generates most demand for road transport services in Britain.

But the output of manufacturing companies this year is expected to be at 1967 levels. As a result, demand for road transport services is "clearly going to be very low," the study says.

In terms of the economy's total output, measured as the gross domestic product, the rate of decline reached a peak in the second and third quarters last year. Output fell by 1¼ per cent and 1½ per cent for each of the quarters respectively compared with previous quarters.

APPOINTMENTS

Reorganisation at Inchcape

From April 1, Lord Inchcape, chairman, also becomes chief executive of INCHCAPE AND CO. on the retirement of Sir Michael Parsons. Mr. H. P. Foxon is appointed group managing director in addition to his office of deputy chief executive. Sir Eric Norris, a director, will become a non-executive deputy chairman. Mr. P. J. S. Lumsden joins the Board and will be appointed finance director on May 1 in succession to Mr. T. Hughes who retires later in the year. Mr. G. Holdsworth, a director, is appointed an executive director.

★

Mr. David K. Rowe-Ham has been appointed a non-executive director of W. CANNING.

★

Mr. Hugh Lang, chairman of P-E International, has joined the Board of REDMAN HEENAN INTERNATIONAL as a non-executive director.

★

Mr. John Cotton has been appointed managing director of THE GENERAL INVESTMENT COMPANY, a fellow subsidiary of Banque Belge within the Belgian and General Investments Group.

★

Mr. E. W. Foggo has been appointed a director of FURNESS WITHY (ENGINEERING), a subsidiary of the Furness Withy Group.

★

Mr. Richard C. Whalley has joined the Board of directors of ESTRIDGE AND ROPNER LIFE AND PENSIONS SERVICES, a subsidiary of the Ropner Holdings Group.

★

Mr. Kenneth Linfoot has been appointed managing director of the property division of ESPLEY-TYAS PROPERTY GROUP following the recent relisting of the enlarged and restructured group. Mr. Linfoot will be retaining his directorships in the Waterloo Land and Property Companies.

★

Mr. J. S. Auston, Mr. W. A. Bickerstaff, Mr. J. K. Cheeseman, Dr. I. M. Gray, Dr. J. Kenyon, Mr. P. G. Nicholson, Mr. M. V. Nyren, Mr. J. P. Pither and Mr. J. D. Sandy have been appointed directors of SELECTION TRUST.

Mr. W. P. C. Grassick and Mr. F. K. Rickwood have resigned their directorships.

★

Mr. D. Terry Bullock has retired as chief executive and deputy chairman of the WHITTAKER ELLIS BULLOCK GROUP. Mr. Leslie Shackleton, previously Mr. Bullock's deputy, has been appointed chief executive and Mr. Derek Rodgers, a director of J. Henry Schroder Wagg and Co., becomes deputy chairman. Mr. David Murison remains group chairman.

★

Mr. R. D. Scott has been appointed administrative director and general manager of ROBERT VINCE ADVERTISING. He was previously group managing director from 1971 to 1980 of the Expanded Metal Company.

★

Mr. Ian Reid has been appointed group treasurer of TOOTAL in succession to Mr. E. B. White. Mr. Reid was formerly deputy treasurer.

★

Mr. Brian Higginson has been appointed a director of INTER-LINK ADVERTISING.

★

Mr. Peter Usher has been appointed to the Board of ATCOST HOLDINGS, parent company of industrial and agricultural construction group Atcost. He is managing director of Atcost Concrete.

★

Mr. John S. Brown has joined the Board of NORTH WEST SECURITIES, finance house subsidiary of the Bank of Scotland. He is director and general manager of IBOS Finance, Birmingham.

★

Mr. Geoff Stone, formerly commercial steels marketing manager with the BRITISH STEEL CORPORATION'S billet bar and rod product unit, has been appointed to head the BSC stainless profit centre's marketing operations, Sheffield.

★

Mr. J. A. Ferguson-Davie has been appointed sales director of SAMUEL BIRKETT, Heckmondwike, a subsidiary of IMI.

★

Mr. A. E. (Arthur) Griffith has been appointed divisional director sales and marketing of BOVIS CONSTRUCTION.

★

Mr. Roger F. Scrivens, commercial director of NBA (Controls), has been elected chairman of the ASSOCIATION OF BRITISH OCEANIC INDUSTRIES.

★

At SIGN AND METAL INDUSTRIES, following the acquisition of Movitex Signs, Mr. Richard Walsh has become group managing director, Mr. Ian Dempster continues as chairman and Mr. Ronald Wadge as company secretary. The following appointments have been made in the subsidiary companies: Mr. David Poultney and Mr. Peter Franklin, joint managing directors of Acme Signs and Displays; Mr. Richard Kitson, managing director of Wondersigns-Movitex; and Mr. Sydney Benson, managing director of Mastercrafts, which is now carrying on the group's industrial finishing business.

★

Mr. Peter Hurst has been appointed senior regional manager and deputy to the senior international executive at NATIONAL WESTMINSTER BANK'S Africa and Middle East regional office within the international banking division based in the City. He was previously senior regional manager Asia and Australasia region.

★

Mr. K. J. Duke, Mr. C. D. J. Pearce, Mr. E. C. Stenning and Mr. K. S. Taylor will be joining the partnership of SCOTT GOFF HANCOCK AND CO., stockbrokers, on April 10.

★

Mr. F. S. Welton has been appointed to the Board of SEMPERIT (UK), replacing Mr. W. R. Mills who has resigned.

UK NEWS—PARLIAMENT and POLITICS

Next please—computers join queue to have a go

By John Hunt, Parliamentary Correspondent

FOLLOWING THE great cash handout to British Leyland, British Steel Corporation and the National Coal Board, the latest patient to come tottering into the Commons clearing station yesterday was ICL.

These occasions remarkably resemble the endless debates between Medieval schoolmen with Sir Keith Joseph, Industry Secretary, going through agonised contortions to avoid using the anathematised praise "Government intervention."

Yesterday, he settled for the words "temporary measure of support" to describe the £200m two-year guarantee which the Government has given in order to persuade the banks to lend money to ICL.

This would, he said, give the company the "chance to review its longer term business opportunities."

Anxious Conservative backbenchers—torn between their desire to save jobs and their fear that the Government was about to throw more public money down the drain—nervously asked if this did not mean another £200m on the public sector borrowing requirement.

To this, Sir Keith had an ingenious answer. The deal would not add to Government borrowing, because it was highly unlikely that the guarantee would ever be called on by the banks.

But if the company is so sound that the Government will never have to fork out the £200m, then why aren't the banks prepared to lend the money without a guarantee? Unfortunately no MP had the wit to put this obvious question.

There were further fascinating twists in the tangled skein. Mr. John Garrett, from the Labour front bench, was quick to point out that the National Enterprise Board had been forced to sell its shares in ICL as part of the Government's policy that it should dispose of profitable assets.

From the Conservative backbenches, Mr. Peter Tapsell, (Horncastle), put the boot in by reminding Sir Keith that the guarantee might not be necessary at all if the Chancellor had not slapped a £400m excess profits tax on the banks in his Budget, thus limiting their ability to lend to industry.

The main Labour criticism was that the Government had not developed "an overall information technology strategy."

Striped of all the hyperbole the message from both sides of the House seemed depressingly similar. It was all rather reminiscent of the old Wilfred Pickles radio programme "Have a Go" where contestants answered a series of simple questions, and were handed a cash prize with a triumphant cry of "Give 'em the money, Barney!"

Joseph stresses limit on aid for ICL

THE GOVERNMENT is to guarantee £200m aid from banks for two years to help the ailing British computer firm ICL.

The announcement yesterday in the Commons by Sir Keith Joseph, Industry Secretary, was met with stony silence on the Tory benches, though he took pains to point out that "such a guarantee will not lead to any public expenditure unless it is called."

Sir Keith told MPs: "The House will be aware that the Government is a user on a substantial scale of ICL computers with equipment to a value of more than £300m supporting vital operations in some 20 departments including defence, revenue assessment and collection, agriculture, health and social security.

"Because of this dependence upon ICL's products we have therefore shared the concern expressed by the company's chairman at the annual general meeting on February 3 about the deterioration in its trading position. In reporting the results for the year to September 30, 1980 he indicated that there had been a sharp drop in profit in the second half of that year, that the company was currently trading at a loss and that adverse trading conditions could continue well into the current year. However, given a revival in markets, the chairman said that ICL expected a significant improvement in the profitability of its operations.

"The trading position of the company is of course essentially for its management, its shareholders and its bankers and it is to the banks that ICL looks primarily to maintain its credit facilities on a worldwide basis.

"However, the Government has a special interest in ICL as a substantial customer for its products. To protect this special interest we have, therefore, given a positive response to a proposal that the Government should provide a limited, temporary measure of support for ICL.

"This support for ICL, in addition to a contribution towards research and development which could be available under existing criteria, should give the company the chance to review its longer term business opportunities. I am glad to be able to say in this context that the company's principal banks are continuing their support for the company in an amount of £70m.

"I therefore intend to seek from the House at the earliest opportunity its authority to provide a guarantee for further facilities to be provided by banks for ICL under Section 8 of the Industry Act 1972.

"The terms I will be proposing to the House will be for a guarantee of up to £200m for a period of up to two years. Such a guarantee will not lead to any public expenditure unless it is called. I emphasise that it will be a limited amound and for a limited time."

Though Sir Keith's announcement was welcomed for the Oppesition by Mr. John Garrett, he questioned how limited, temporary support was a substitute for a policy and a plan for information technology.

Another MP quits Labour for Social Democrats

By Elinor Goodman, Lobby Correspondent

THE COUNCIL for Soci[al] Democracy yesterday signed u[p] its second recruit at Westmin[s]ter within a week amid rumou[rs] that the Council would celebra[te] its launch as a fully fledge[d] political party next week wi[th] Mr. Edward Lyons, the Labou[r] MP for Bradford West, was la[st] night due to see his local part[y] to announce that he was leavin[g] Labour for the emergent part[y].

The chairman of his loc[al] Labour Party together with th[e] secretary and several membe[rs] of its general management com[mittee] were also expected t[o] join the Social Democrats. The[y] could form the nucleus of a[n] organisation in Bradford Wes[t] where Mr. Lyons had a majorit[y] of 7,755 at the last General Ele[c]tion.

Mr. Lyons will bring th[e] number of Social Democra[t] MPs to 14. Meanwhile, th[e] Social Democratic Group in th[e] Lords has grown to 18 with fou[r] more peers, including Lor[d] Bullock, joining.

At the same time, the Socia[l] Democrats have decided to in[]vest in a full-time organiser. They are shortly to advertise fo[r] a chief executive with a salar[y] of £20,000.

Mr. Lyons, who is a forme[r] Parliamentary Private Secre[]tary at the Treasury, has ha[d] a series of arguments with th[e] far Left in his constituency. But he would almost certainl[y] have been re-selected.

Robin Reeves writes: Conser[]vative support in Wales ha[s] fallen sharply in favour of [a] Social Democrat-Liberal alli[]ance, according to the result[s] of a Gallup poll publishe[d] today.

The poll suggests that the Social Democrats could attrac[t] more electoral support in Wales than in other part of Britain. It indicates that Conservative support has slumped as low as 13 per cent, compared with [a] 32.2 per cent share of the vote in the 1979 General Election. The findings appear in Arcade the Welsh fortnightly magazine.

Some 36 per cent said they would support a Social Democrat-Liberal alliance candidate.

Thatcher rules out new MLR cut

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER yesterday rejected a Labour call for a further cut of 2 per centage points in the Minimum Lending Rate and again made it clear that she stands by the 20p increase on petrol duty.

Mr. Denis Healey, Labour's deputy leader, said the Budget had added a massive burden to British industry by causing a rise of 4½ per cent in the exchange rate. He called on Mrs Thatcher to give industry a psychological boost by cutting MLR by at least a further two points.

He also complained that industry had been hit by the Budget increase in fuel prices and demanded that she amend the Finance Bill to reduce the price of diesel fuel which was now one-third higher than in France and 50 per cent higher than in West Germany.

Mrs. Thatcher rejected the plea. She said that if public expenditure had been allowed to rise to the levels planned by the Labour Government, taxes and interest rates would be even higher than now.

Mr. Douglas Jay (Lab. Battersea N.) asked if she could say when her economic policies were going to produce the results intended.

The Prime Minister retorted: "Perhaps the Rt. Hon. gentleman will wait a little longer."

Mr. Barry Sheerman (Lab. Huddersfield E.) asked about the news that GKN had lost £1.5m over the last year and wanted her to consider what action the Government should take to prevent industry going bankrupt altogether.

The Prime Minister agreed that a number of engineering companies including GKN had reported very bad results. The position would have been better, she said, if more of the 1.5m cars sold in this country last year had been manufactured here. That would have boosted the steel industry and the engineering companies.

This provoked another intervention from Mr. Healey who repeated his demand for lower interest rates and thus a lowering of the exchange rate.

Parliament next week

COMMONS

Monday—Local Government (Scotland) Bill, remaining stages. National Health Service (Health Boards) (Scotland) Order.

Tuesday—Debate on Opposition motion on overseas aid. Merchant Shipping Bill, remaining stages. International Organisations Bill, remaining stages. Opposed Private Business.

Wednesday — Local Government (Miscellaneous Provisions) (Scotland) Bill, completion of remaining stages. Ports (Financial Assistance) Bill, remaining stages. Transport Boards (Adjustment of Payments) Order.

Thursday—Debate on Common Agricultural Policy price proposals and EEC documents on livestock production in Ireland. Enterprise Zones (Northern Ireland) Order. Northern Ireland Consolidation Orders on Planning Blight (Compensation) and Public Order.

Friday—Private Members' Motions.

LORDS

Monday—Two Consolidation Bills Third Reading. Companies Bill, Committee. Preventin of Terrorism Act Continuance Order.

Tuesday—Two Consolidation Bills, Third Reading. Merseyside Development Corporation Order. Matrimonial Homes (Family Protection) Bill, Committee. Water Bill, Committee. Matrimonial Homes and Property Bill, Committee. Forgery and Counterfeiting Bill, Committee. Interpretation of Legislation Bill, Committee. Debate on effect on rural areas of increased petrol tax.

Wednesday—Debates on the problems facing British agriculture and local authority closed shop policies. Marriage Enabling Bill Committee. Debate on greater economic co-operation in East and Southern Africa.

Thursday—Public Order (Northern Ireland) Order. Planning Blight Compensation (Northern Ireland) Order. Supplementary Benefit (Requirements) Amendment Regulations. Transport Boards (Adjustment of Payment) Order. Supreme Court Bill, Report. Debates on EEC and human rights and mental after-care.

BSC given 'last chance' warning

BY MARGARET VAN HATTEM, LOBBY STAFF

FEW COULD doubt that the leeway the Government was allowing British Steel was the corporation's last chance, Sir Keith Joseph, Industry Secretary, told the Commons yesterday.

Introducing the second reading debate on the Iron and Steel Bill—which will write off £3.5bn of BSC's debts and open the way to transfer more of its operations to the private sector—he warned that the plan formulated by Mr. Ian MacGregor, the BSC chairman, was ambitious and optimistic.

In maintaining a production capacity of 14.4m tonnes a year, it was essential to ensure that this capacity was more efficiently used. The 50,000 jobs lost last year and the estimated 20,000 jobs to be cut this year might not be sufficient. Further steel closures might be necessary, he said.

But he deprecated a suggestion by Mr. Michael Grylls (C., Surrey NW) that the Bill be amended to include provisions for liquidating the corporation in order to "help convince the people outside this chamber that we do mean business, so that Mr. MacGregor can say that this is their last chance."

There could be little scepticism, Sir Keith replied, that the Government meant business. However, it was trying to adopt a more positive approach while recognising that further contraction might be necessary.

The plan was optimistic in that its success depended on factors outside the corporation's control. Given the scale of the excess capacity in the European steel industry as a whole, there could be little prospect of a sharp upturn in European steel prices.

The strength of sterling, particularly in relation to the falling Deutschemark, put Britain at an extra disadvantage.

It was therefore essential to keep the industry under constant review,

Defeat in Lords on business names list

THE GOVERNMENT was defeated in the Lords last night by six votes when peers debating the Companies' Bill decided in favour of keeping the Business Names Register.

The Government proposes to scrap the register under the Bill, but the change was carried by 96 votes to 90 after Liberal solicitor Lord Lloyd of Kilgerran protested that consumers would be losing a valuable weapon for keeping watch on dishonest traders.

The register "certainly helps to prevent fraud and malpractices now so rampant in the course of trade," he said.

For the Opposition, Lord Ponsonby of Shulbrede warned that if the register was scapped the only source of information would be the companies themselves.

Tory Baroness Elliot of Harwood said the register "is a vital service to consumers and traders and to the whole business concept in this country."

Lord Trefgarne, Trade Under-Secretary, replied that register could not be made wholly effective at present. "The Government has decided that it is preferable to admit this fact and by the closure save 65 staff."

The Bill, which is in its committee stage in the Lords, implements an EEC directive on company accounts and reinforces the company inspection system.

Ruffling feathers in the Tory pheasant belt

Ivor Owen visits the Norfolk seat of the Tory defector

POLITICAL REALIGNMENT

Brocklebank-Fowler: crossed the Rubicon which divides the House

INCURABLE OPTIMISM is a disease endemic in politicians and after the spectacular events of the past week it is not in the least surprising to find Mr. Christopher Brocklebank-Fowler at the centre of the latest outbreak.

When he denounced the Budget as "the last straw," quit the Conservative Party, and crossed that little green Rubicon which divides the House of Commons to enlist with the Social Democrats, he was greeted by his new colleagues as a harbinger of the greatest significance.

Here, they claimed, was the evidence to confirm that they were not just a disenchanted group of Labour MPs devoid of any real hope of securing the broad based support needed to make a new left of centre alliance the catalyst required to end the long dominance of British politics by the two major parties.

It remains to be seen whether Mr. Brocklebank-Fowler is that rare bird which adds insult to injury by fouling its own nest as some of his former associates in the Conservative Party — at national and local level—would like to believe. However that may be, nothing can detract from the fact that the newly emerging party which confidently expects to transform the British political scene has a prize Tory convert in is ranks.

With the next general election still a distant prospect, and the certainty that by the time the voters go to the polls the Government will have stopped lashing the lower income groups (a majority in north west Norfolk as in so many other constituencies), it would be foolhardy at this stage to predict that he will carry the colours of the Social Democrats to victory if, as is generally expected, he seeks re-election at the end of the present Parliament.

But there can be few seats held by the Conservatives for so long a period which are more ripe for a conventional political takeover through the ballot box. Anyone who cares to inquire in King's Lynn, Downham Market or any of the attractive villages in this scattered and predominantly rural constituency, so largely dependent on agriculture and light industry, will quickly discover that Mr. Brocklebank-Fowler is not alone in regarding the Budget as "the last straw."

Wage levels are below the national average, more workers are in danger of losing their jobs (in King's Lynn unemployment has doubled to 11.6 per cent over the past 12 months), and praise for Mrs. Thatcher does not roll easily off the tongues of even some of the most stalwart Conservative supporters.

Those who live in the more remote villages are lucky to see more than one bus a week and for them a car is a necessity. They have long become acustomed to paying several pence above the average rate for their petrol, and the 20p increase imposed in the Budget brought not the £1.50 gallon of four star but an even more painful bill of £1.57 or £1.58p.

Garage owners are complaining too—one petrol station on a main road site has suffered a 12½ per cent drop in sales since the Budget.

There are other locally flavoured grounds for complaint against Mrs. Thatcher too. For instance, it is claimed that her belligerent Iron Lady posturing led the Russians to decide not to renew a valuable contract with a local plastics manufacturing company. The management of the company, Porvair of King's Lynn, confirms that the contract was not renewed (a reverse which led to 73 redundancies) but asserts that it is no more than conjecture which has laid the blame at the Prime Minister's door.

Tory loyalists in north-west Norfolk are rallying to the flag and Mr. Keith Chester, the impressively efficient local agent, reports that cheques for substantial sums have been enclosed with letters which have denounced Mr. Brocklebank-Fowler's "treachery" in no uncertain terms.

His growing disagreement with Government policy had been a source of friction with local Tory leaders for some time and he seemed to glory in drawing attention to his anti-Thatcher views on every possible occasion.

Many feathers in the Tory pheasant belt are still ruffled by the fact that, after a Christmas Day swim, he chose to be photographed in a tee-shirt emblazoned with the words "I am a Tory wet."

Before his dramatic defection there had been some outward appearances of a reconciliation but it seems likely that the Conservative re-selection processes—less publicised but just as ruthless as those of Labour—were about to be mobilised.

An impending change in Parliamentary boundaries which will transfer some invincible true blue bastions to other constituencies had already threatened to make serious inroads in the near 8,000 Tory majority long before Mr. Brocklebank-Fowler crossed the floor in the Commons. And with a reshaped constituency it would have been a justifiable decision to require the sitting Member to submit himself for short-listing with other contenders seeking to be adopted as candidate for the next election.

It is against this background that Mr. Brocklebank-Fowler is seen in some quarters to have done no more than make a pre-emptive strike.

Not so, say the Tory loyalists, who regard Mr. Brocklebank-Fowler as a "rat," distinguished only by the fact that the ship he has clambered aboard is not yet afloat, and in their judgment is certain to sink.

Incurable optimism is apparent among some Socialists in north west Norfolk as well. Next January will see the 25th anniversary of the last occasion when a Conservative Prime Minister (Sir Anthony Eden) travelled to the constituency to tender his resignation to the Queen at Sandringham. They predict that by then Mrs. Thatcher will be treading the same path.

NORFOLK NORTH-WEST
1979 election result

Christopher Brocklebank-Fowler	33,796
R. Williams (Lab)	25,868
M. Mynott (Lib)	6,588
Con. maj.	7,928

National support call by dockers

BY PAULINE CLARK, LABOUR STAFF

DOCKERS shop stewards from ports throughout the country will meet tomorrow to consider proposals for widespread industrial action in support of the dispute which has brought cargo operations at the Port of Southampton to a standstill for more than a week.

Dockers leaders in Southampton said they would go ahead with a call for national support in all 18 other ports controlled by the British Transport Docks Board—Britain's largest port authority. This follows an "overwhelming" decision by Southampton dockers yesterday to continue their dispute.

The mass meeting supported the shop stewards' refusal to yield to the port employers' demand that they give a guarantee of normal working before the port is reopened.

All 1,600 dockers in the port were sent home without pay last week following a series of strikes and other disruptive action over a claim for earnings comparability with non-registered dock staff.

Mr. Ritchie Pearce, shop stewards leader in Southampton, said yesterday he had called a full meeting of the unofficial national port shop stewards committee to consider spreading industrial action from next week.

If the committee supports the call the Southampton dockers wil press for a recalled docks delegate conference of the Transport and General Workers Union to consider the dispute made official by the union last week.

The dockers argue that the Southampton employers have locked them out in breach of national dock labour agreements. The employers say dockers have broken their working agreements by taking action before exhausting the formal disputes procedure.

The Southampton Docks Board claimed yesterday that last year the dockers had average gross earnings of £146 a week at a time when the slump in trading caused daily surpluses of between 200 and 500 workers.

The dockers' shop stewards say there is mounting anger over a widening disparity in earnings between registered dock workers and other groups, such as foremen and checkers, despite productivity increases.

Clegg rise for 1,580

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT's standing commission on pay comparability yesterday recommended increases for 800 university computer staff worth 14.7 per cent on the pay bill and an increase for 780 Scottish chief council officers of 6 per cent.

The commission, formerly chaired by Professor Hugh Clegg, was wound up by the Government last year. Publication of its final two reports completes its work.

The computer staff at 42 universities, excluding Oxford and Cambridge colleges, were awarded a pay increase in July last year 13½ per cent pending the commission's recommendations, although these are not binding on either side.

The commission found them to be behind their comparators in industry by between 7.4 and 26.2 per cent. The commission recommends an increase in pay of 10 per cent for trainee operators, leaving a 15.3 per cent increase on the pay bill to be spread over the other grades by negotiation between the parties.

The cost of the recommendation is £506,000 a year.

The report for chief officials of Scottish local authorities provided the commission with new problems because of their salary structure and the application of comparisons, resulting in a much larger margin of error than usual.

The group was about 20 per cent behind its comparators, but had an interim increase of 14 per cent, leaving a 6 per cent shortfall. The commission recommended backdated increases of 2 per cent from January and April last year, with a further 2 per cent held in reserve for changes in salary structure.

Standing Commission on Pay Comparability: Report No. 14, Chief Officials of Local Authorities in Scotland, and Report No. 15, University Computer Operating Staff, both HMSO, London.)

Right-wing challenge for top union post

By John Lloyd
Labour Correspondent

MR. SID VINCENT, president of the Lancashire area of the Nalonal Union of Mineworkers, is to challenge Mr. Michael McGahey for the vice-presidency of the union later this year.

Elections for the post, which runs for a two-year term, will be announced at the time of the union's annual conference, in July.

Mr. Vincent's candidature, which was approved by his area's executive conference yesterday, is expected to be endorsed by the area delegate meeting tomorrow.

Mr. Vincent said last night that several areas had pressed him strongly to stand.

"Many people have said that if Arthur Scargill gets the presidency and Mick McGahey the vice-presidency, then the union will become totally inflexible."

Mr. Scargill, the president of the Yorkshire area, is the Left-wing candidate for the presidency when Mr. Joe Gormley retires next year.

Mr. McGahey, president of the Scottish miners, is also a leading Left-winger, while Mr. Vincent is a long serving and outspoken Right-wing executive member.

Miners warned of 'pay-off trap'

BY MARTIN DICKSON AND JOHN LLOYD

LEADERS of the National Union of Mineworkers yesterday warned against enhanced redundancy payments being used as a method of closing pits.

Mr. Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers, said: "No one has the right to sell off the jor opportunities of future generations, and we must not fall into the trap of accepting revised payments in exchange for permanent unemployment."

Mr. Joe Gormley, the NUM president, said the higher payments were essential to keep place with inflation, but that they should not be used as an excuse to close pits.

Miners' benefits are being boosted in two ways. The Government is increasing payouts under its Redundant Mineworkers' Payments Scheme and the National Coal Board is suggesting improvements — yet to be ratified by union leaders — in the miners' contributory pensions scheme.

In common with other workers, miners receive redundancy benefits, which are not being altered, under the Employment Protection Act.

Under the improved Government scheme, workers aged 55 or over will receive about two-thirds of their previous pay for five years, instead of the present three, and will receive a lump sum on becoming redundant, ranging from £1,500 to £6,000. Younger workers will receive improved lump sum benefits.

The NCB estimates that these changes, plus improved pension benefits mean that a face worker made redundant after 35 years' service at the age of 55 — the best age for benefits — could qualify for lump sum and weekly payments totalling £42,000 over the following 10 years, £13,000 more than now.

However, the £42,000 figure is potentially misleading as it incorporates unemployment benefits to which all workers are entitled.

Most men would receive far less. The NCB is anxious not to lose younger, trained miners and the benefits are therefore weighted heavily towards men in their 50s.

A miner, aged 21 with two years' service, would only qualify for a lump sum of £295. A 40-year-old man with 20 years' service would get a lump sum of £6,570, which is £1,500 more than before.

A 55-year-old with 35 years' service would get lump sum payments of £3,510 under the Employment Protection Act and £7,020 under the redundant mineworkers' payments scheme. He would qualify for weekly benefits totalling £24,951 up to the age of 65, according to the NCB.

Tinplate jobs plea rejected by court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

WORKERS at the British Steel Corporation's tinplate plant at Velindre, near Swansea, have lost their High Court bid to prevent massive redundancies under the BSC's survival plan.

Mr. Justice Mais yesterday refused to grant an injunction stopping the BSC implementing its plan to cut the Velindre workforce from 2,245 to 674 until the men had been consulted.

He said that the survival plan was not a review of the corporation's affairs about which the unions in the industry were legally entitled to be consulted.

The plan was a plea to the Government for more money to save the corporation from bankruptcy. As such, it was not covered by a provision in the 1975 Iron and Steel Act for consultation when any review was undertaken, the judge added.

The claim for an injunction had been made by the trade union side of the Velindre works council, who said afterwards that they would consider an appeal.

The corporation argued that there was nothing in the 1975 Act to stop it from reducing its workforce, without consultation, in the interests of efficiency.

Accepting this argument, the judge said the duty to consult related only to reviews of the organisational structure. In the past there had been such reviews — including one only three months before the plan was announced last December—when the workers were consulted.

Although the Velindre plant had been consistently efficient, the survival plan required a slimming down of the tinplate division, and the other two works—at Trostre and Ebbw Vale—had advantages.

Water workers' deal signed

By Our Labour Correspondent

AGREEMENT ON the 12.3 per cent pay deal for the 32,000 manual workers in the water industry was formally reached yesterday at a meeting between unions and the National Water Council.

The deal, which took about five months to negotiate, will cost £20.3m and add a little over 1 per cent to the water rates. It will be backdated to December 7.

New basic rates will range between £71.70 and £78.70 a week. The 5,000-6,000 craftsmen in the industry also formally agreed a similar deal.

TUC urges women to lobby against cuts

By Our Labour Staff

WOMEN trade unionists were urged yesterday to play a full part in helping the TUC to bring home to the Government the "great damage" being inflicted on working people by public expenditure cuts.

Opening the 51st TUC Women's Conference in Southport, Mrs. Marie Patterson, chairman of the TUC's women's advisory committee hit back at Government Ministers who had encouraged "the myth that women leaving the workforce would improve employment prospects for men."

Mrs. Patterson told delegates that more than 1m women wishing to work were being denied the right to do so. "Employment is a right for women—just as it is for men. And women will continue to fight for that right."

The Government's employment legislation, attacks on maternity leave and reinstatements, she said, were the measure of the Government's attitude towards working women.

This was despite recent evidence that there would be three times as many families in poverty if it were not for the earnings of working wives, that up to 200,000 married women were family bread winners and that another 800,000 were heads of households as single parents.

Energy Review: Combined heat and power

By Martin Dickson, Energy Correspondent

Guinea pig cities for district heating

ENERGY analysts are about to descend on nine cities across the UK to determine how suitable each would be as a guinea pig for a major new conservation initiative.

The nine cities — Belfast, Edinburgh, Glasgow, Leicester, Liverpool, east and central London, Manchester, Newcastle and Sheffield — are all under consideration by the Government as possible sites for Britain's first major combined heat and power/district heating project.

Combined heat and power, usually known by the initials CHP, is a means of saving much of the energy which is wasted in the operation of a conventional power station.

In a modern power plant only about one third of the energy content of fuel is converted into electricity. The remaining two thirds is mostly rejected as lukewarm water from cooling towers into rivers or the sea.

Under a CHP system a power plant's steam turbines are modified so that the reject heat can be extracted at sufficiently high temperature to be useful —either in industrial processes (industrial CHP) or to heat homes and offices in the neighbourhood by pipeline (CHP/district heating).

Industrial CHP is well established in Britain. It has been estimated that about 70 per cent of electricity generated privately by industry is associated with heat recovery and that the potential for further development is limited.

But at present very little use is made of CHP for district heating—a strong contrast with many continental and East European countries.

In Denmark, for example, about 25 per cent of the total heating load was estimated in 1979 to come from district heating—and about one third of that came from CHP plant.

In West Germany the proportion of space and water heating provided by district heating rose from 1 per cent in 1960 to about 8 per cent by the end of the 1970s, and some 70 per cent of this came from CHP.

Why has CHP district heating not developed in the UK? Two main reasons were singled out in an important report to the Government two years ago by a team led by Dr. Walter Marshall, who has just taken over as head of the UK Atomic Energy Agency.

First, it has not been able to compete with natural gas, which has been available in Britain for domestic heating from a well established grid and, since 1973, at prices below those of world oil prices.

Secondly, there is considerable freedom of choice of fuels in the UK. In most countries where CHP has developed it has been singled out for special treatment, such as restrictions on the use of other fuels.

It was the Marshall report which really set the CHP ball rolling in Britain. The study, commissioned by Government in the wake of the 1973/74 oil price rise, concluded that CHP/district heating could be a viable economic option for heating buildings in areas of high density heat load — at least in the long term.

The precise point when it became attractive depended on fuel prices and discount rates. But when oil and gas were no longer available for heating, CHP/district heating could potentially supply around 30 per cent of the UK's existing domestic, commercial and institutional heat load.

In the short term, however, CHP could not be expected to take off on its own accord on any scale, largely because of competition from other fuels. Yet if nothing is done to encourage it now, Britain will not have a CHP/district heating option when it needed it.

As a result, said the Marshall report, the Government should encourage the development of a "lead city" CHP scheme—a pilot project which would give valuable experience in running a system. (Strictly speaking, it could not be called a prototype since there are no major technical problems in installing CHP/district heating.)

The Government gave its response last year. It agreed to fund a feasibility study to identify one or two possible "lead cities" but it rejected a second Marshall proposal — the establishment of a National Heat Board to oversee developments. To the anger of some CHP enthusiasts, the Department of Energy argued that a heat board was not yet necessary.

The first stage of the feasibility study was completed in December. W. S. Atkins and Partners, the Government's lead consultants, whittled down some two dozen interested local authorities to a short list of six cities: Glasgow, Newcastle, east and central London, Sheffield, Belfast and Liverpool.

These were chosen because they offered the best mix of high-density heat load, availability of power station sites and support from the electricity supply industry and local authorities. Glasgow, London and Newcastle came out at the top of the list.

Newcastle looks a particularly strong contender. The City Council, Tyne and Wear County Council and Northern Engineering Industries, the engineering group centred on Tyneside, have combined forces to investigate CHP possibilities. Implementation of a "lead city" scheme could have a significant economic impact on this area of high unemployment.

In London, Atkins suggested that the centre and eastern parts of the city should be taken as a single area for lead city consideration. The boroughs of Barking, Camden, Southwark and Tower Hamlets are all keen to be involved in the programme and Newham has shown some interest.

Last week, however, the Government announced that it was extending the short-list to nine, bringing in Edinburgh and Leicester (which had been dropped frdom Atkins' list at th last minute because a suitable CHP site appeared to be unavailable) as well as Manchester. Strong pressure by the municipalities concerned appears to have been an important factor in this.

Atkins will look at the nine in more detail and in the autumn will be recommending one or two as possible lead cities. Further studies of these sites will take place in 1982 and a final decision on whether or not to implement a scheme is likely in 1983.

This timetable is far too slow for the UK's vociferous CHP lobby, which accuses the Government of pussy-footing. The official response tends to be that the introduction of CHP is a big step, needs to be got right so that future developments are not jeopardised, and that many problems remain to be solved.

Not the least of those problems could be finance. A CHP/district heating scheme is likely to cost between £500m and £1bn to get off the ground—and the Government has carefully avoided committing itself to any level of funding.

The capital would not, however, be needed all at once. It might take a decade to build up a district heating pipeline network across a city and small, temporary boilers (or elderly existing power stations) would probably be used to provide heat while the system was being developed.

The scheme would ultimately take its heat from a purpose designed power station—probably a completely new plant on an existing power station site rather than a refurbished plant —but this would come info operation fairly late in the programme, once a respectable heat load had been built up. The station would be coal-fired rather than nuclear.


Dunston power station on Tyneside. The site could be a good location for a CHP station to serve Newcastle and Gateshead

Other problems still to be solved include the manufacture of a small heat meter which can be installed in homes like an electricity or gas meter.

There also remains the thorny issue of personal choice: Will sufficient home owners be wooed to district heating from electricity and gas to make a "lead city" project viable?

Much will obviously depend on the relative price of the fuels—and that in turn will depend on the level of subsidy given to CHP.

However, as the Marshall Report pointed out, even if there were a substantial economic margin in favour of CHP a lead city scheme might take off very slowly if left to individual choice.

The Government intends to carry out market surveys of consumer's attitudes later this year which should throw more light on this issue.

Despite the hurdles, the CHP programme now has considerable impetus—not least because of the great enthusiasm shown by local authorities. "Nine months ago CHP was not a municipal issue," says one surprised observer. "Now local authorities are lobbying like mad. But will they still be so keen when it comes to the crunch question—who pays?"

THE MANAGEMENT PAGE

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EDITED BY CHRISTOPHER LORENZ

Picking winners on Merseyside

Ian Hamilton Fazey outlines an ingenious scheme for generating business ideas

THE DAY AFTER Geoffrey Howe's Budget, the four directors-designate of a prospective new company on Merseyside held a hurried meeting. To what extent should they change their application to the bank for £23,000?

As things stood, profit projections were for £60,000 a year. It would cost £25,000 to start up and £30,000 to operate in the first year. Maximum negative cash flow would be £46,000, half of which they were putting up themselves from savings and second mortgages.

In the end, they decided that the Budget would not affect plans greatly. Their application could stand, but they would point out the Budget's minor assistance on interest rates at their interview. The most important thing was to sell to the bank the money-making potential of their idea.

This was a company of three divisions. Its base would be on an industrial estate in Ellesmere Port in a factory unit converted into a fast-food cafeteria. Its customers would be the 1,000 employees of the 40 other companies on the estate, none of which had a canteen. At night, the cooking facilities would supply food for the company's other activities—the entertainment division, with mobile discos and live artistes, and the fund-raising division, which could be linked to the entertainment arm and hired out to local charities and clubs.

The bank, which had especially limited funds to lend that day, turned them down; the venture was too diffuse in purpose. Instead, it backed a novel new advertising agency called "Be Wise" but spelt "BYYY's," which proposed to sell space on a new medium—milk bottles. Already it had sewn up 15 major customers, including Tesco, Woolworth, a large estate agents, a removals firm, and the local lighting emporium.

At 1p per bottle per week, the new medium was very competitive against the local press and local radio. Volume discounts made it even more alluring. Profit projections of £25,000 a year on £147,000 turnover were realistic and the company only needed to borrow £8,000 anyway.

Unfortunately for the 36 people who would get jobs at BYYY's, however, the company will not be able to start up yet; the main reason for this is that its five directors are all still in the fourth form at Bebington Secondary School for Boys at Wirral.

The "bank" was not a real one either, but a panel of judges chaired by Don Perry, chairman of the Unilever Merseyside Committee and chief executive of UML Limited, the service company for Unilever's 18 units in the area. The judges were this week picking the winners of a schools' competition whose theme was the creation of a small business.

That schools should be engaging in this sort of work nowadays is, perhaps, a sign of the times. Twenty years ago, pupils might have been taught how to write a job application; now they are being shown how to create jobs for themselves, or, at any rate, they are in Wirral.

The competition was certainly regarded as an important enough experiment to attract VIP interest. The prizes, donated by Unilever—£500 first prize, £300 second, £200 third—were presented by Education Minister, Neil Macfarlane, and the Department of Industry was represented by Tony Bond, a principal chartered engineer from the DoI's Industry and Education Unit.

Each was clearly impressed with the exhibition of the nine finalists' corporate projections. Each project spoke for itself about how much the schools had come to understand industrial needs and, indeed, profits.

Second place went to Wirral Grammar School for Girls, with plans for "The Dell," a restaurant selling home-made beers and wines and specialising in traditional English food. (Profit potential £15,000 on £100,000 turnover.) Third prize went to Calday Grange Grammar School, whose proposal to make child-proof plastic bottles for toxic household chemicals had an optimistically unlikely profit potential of £413,000 on £1.5m sales.

The company with the Ellesmere Port cafeteria got a £25 consolation prize, as did all the other entries, though one school, which wanted to set up a marketing company for mushrooms, supplemented this by selling copies of its main product—a mushroom recipe book —at 45p each to exhibition visitors.

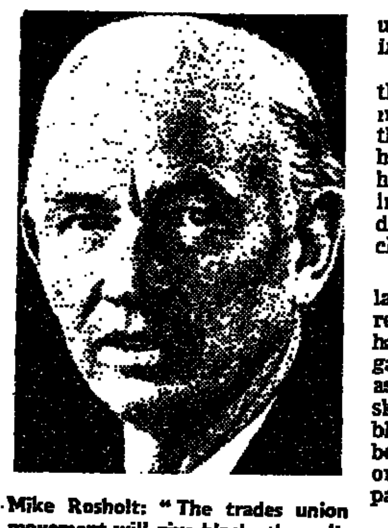
Most of the teachers involved taught economics, home economics, or commerce. All had found it invaluable to have a realistic situation to link to classroom theory, and the winners' teacher, Bill Heckle, thought the quality of work was much higher than he would normally have got from his boys.

And the competitors? "The legal side was the hardest," said Paul Mathison of Wirral Grammar School for Boys. "It would help if you didn't have to make separate VAT returns for zero-rated and exempt supplies."

And what about becoming an entrepreneur? "Well," said Bill Nichols of the winning BYYY's team, "we would not be deterred. Not after this."

When an about-turn is 'flexibility'

Bernard Simon describes how a shift in bargaining power took place at South Africa's Barlow Rand



Mike Rosholt: "The trades union movement will give blacks the political pressure they have never had before"

JUST FIVE years ago Heinemann Electric, a subsidiary of Barlow Rand, South Africa's largest industrial company, refused pointblank to recognise a black trades union, in spite of the fact that it had the support of a majority of workers.

Management insisted that the workers should negotiate through Government-approved in-house liaison committees, and even called in the police, who baton-charged employees outside the factory gates.

"In no way are we prepared to see the union as the mouthpiece of the workers," was the comment of Reinald Hofmeyr, then and now in charge of Barlow's industrial relations.

Yet today Barlow is prepared to recognise any union supported by more than half the workers in a particular plant, and in some cases by even less. "One has to be flexible," Hofmeyr says.

"If a union has a 30 per cent following, but you know they call the shots and that the 30 per cent is increasing, one wouldn't necessarily stick to the 50 per cent rule."

For Barlow, this turnround in attitudes is partly attributable to a change in top management. When Mike Rosholt became chairman two years ago, the company—which employs nearly 200,000 people, most of them black—had a tradition of conservative employment practices, especially in its powerful mining arm.

Yet within a very short time Barlow became one of only half-a-dozen South African-owned companies to recognise a black trades union not registered with the Government. Now its top management is trying to create a change in attitudes and behaviour right down the organisation through a code of employment practice.

Its recognition of the union followed a referendum—the first of its kind—among textile workers at a plant in the Eastern Cape. Management decided on the poll to resolve competing claims by two rival unions—and ended up recognising the more radical of the two.

Rosholt, who joined Barlow in the mid-1960s from an accounting practice, readily admits that the company's labour policies have changed dramatically since he took over. "What we're saying now, we would not have dreamt of in the prevailing climate two years ago," he says.

Barlow's drive to improve labour relations is primarily a recognition that a real change has occurred in industrial bargaining in South Africa, mainly as a result of a shortage of skilled labour and the growth of black trades unions; these have become increasingly well-organised and militant in the past year or two.

Progressive employers have come to realise that only by negotiating with the unions, and often accommodating them, can they hope to stave off prolonged labour disruptions.

In Barlow's case, another reason for the shift in attitude is simply a hard-nosed perception of what is good for the company's image. Barlow has extensive interests in Britain, and made its first investment in the United States 18 months ago.

With plans to expand its international operations, a reputation of enlightened employment practices will, it hopes, offset the political disadvantage of the group's South African base.

The shift in labour policies must also be seen in a broader context.

Rosholt believes that "employers are not dealing with blacks on purely trade union matters. They are dealing with blacks who have discovered that the trades union movement is an instrument which will give them the political pressure they have never had before. And the sooner we face up to this, the better."

Barlow's strategy for facing up to the challenge is based on its code of employment practice, a copy of which has been given to every worker, black and white.

Caution

The code had its origins in the so-called Sullivan and EEC Codes of Conduct for U.S. and European subsidiaries operating in South Africa. Rosholt and Hofmeyr do not share the scorn many South African businessmen have for the Rev. Leon Sullivan, the civil rights activist who is the author of the U.S. code.

The crux of Barlow's code is equality of service conditions, opportunities and rewards for all employees, regardless of race or sex. The code commits the group to move towards integrated work places and other facilities, although it adds with a note of caution that "legal constraints and social attitudes will influence the rate of change."

A particularly significant section of the code insists that "the group will neither acquire nor establish any business that depends for an acceptable financial return on wages and conditions of service which are lower than group standards."

Barlow has actually aborted two takeovers because of the target companies' abysmally low wages. One was in Zimbabwe, where the group already has substantial interests in the motor, paints, packaging and farm equipment industries. "To have brought black wages up would have cost more than total profits in a year," Hofmeyr says.

Trade unionists concede that Barlow has made substantial progress. "They've certainly changed," says an official of the non-racial Federation of South African Trade Unions, claiming that South Africa's four largest engineering companies—which include Barlow—"are far more progressive than the overseas-based multinationals. The multinationals have an appalling record in the engineering industry."

But implementation inevitably raises many problems in a company as large and diverse as Barlow. Phiroshaw Camay, general secretary of the Council of Unions of South Africa, another leading trade union organisation, explains his fears: "They've got sound policies at the top, but I have grave reservations whether it filters down to middle management."

In an attempt to ensure that the code is implemented, senior executives have to attend a monitoring session held at least once a year for each company at the group's headquarters north of Johannesburg.

In 1980 Barlow Rand spent £1m on a literacy programme for its workers seen here at a training centre

The meetings comprise an hour-long presentation by the subsidiary's executives on their progress in implementing the code, followed by extensive and critical questioning. The monitoring continues on a more informal level too; Hofmeyr has been known to make a point of visiting blacks' toilet and changing room facilities at subsidiaries' factories—and insisting on improvements.

In South African terms, Barlow has certainly accomplished a good deal. Several subsidiaries have spent substantial sums of money to close the wage gap based on new, integrated wage scales. One, in particular, introduced the integrated pay scales in one step last year, at a cost of R1.5m, (£0.8m) while two others, which will have to spend R8.5m and R7.5m respectively, have been allowed to spread the burden over three years.

Most white-collar workers in the group now share integrated toilet and canteen facilities. Persuading white blue-collar workers and miners to accept this will take longer. In a rather bolder move, the group's Winterveld chrome mine in the north-east Transvaal has moved five senior blacks and their families into the white residential area.

Hofmeyr concedes that the advancement of blacks into higher job categories has been relatively slow. The company's most senior black is a group industrial relations consultant, but only a handful of others have managerial jobs, mostly as personnel officers.

Obstacles

On the credit side, Barlow has indentured a dozen black apprentices, out of a total of less than a 100 in the country as a whole: It hopes—perhaps over-optimistically — to enrol 114 black apprentices by the end of this year.

Like many other companies, Barlow complains that one of the major obstacles to black advancement is poor primary and secondary education. In an effort to help accelerate black education, the company has spent R2m in the past year on a literacy programme for its workers. By the end of 1981 it plans to have 30 teaching centres with facilities for a total of 900 students.

Barlow is clearly in the forefront to initiate change in South Africa. It was asked by Leon Sullivan two years ago to encourage South African employers to have their labour practices monitored by an American management consultant, in the same way as the 140 signatories of the Sullivan principles have agreed to do.

Rosholt was not prepared to go that far. But he has formed an informal group of 10 leading South African companies, employing over 750,000 workers, which meet regularly to discuss labour problems. These companies have agreed to press the government to change discriminatory policies.

Barlow is in the fortunate position of being close to the Government and being able to criticise official policies without ruffling feathers in Pretoria.

"We've never felt a need to mince our words," Hofmeyr says. Rosholt adds that "provided you do it low key and not through the newspapers, the reception is very encouraging."

Business courses

International Energy Briefing, Brussels. April 27-28. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Introduction to Forecasting, London. April 27-30. Fee: £200. Details from Department of Management Science, Imperial College of Science and Technology, Exhibition Road, London SW7 2BX.

Five-Day Leadership Development Programme, Uxbridge, Middlesex. April 6-10. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

The Art of Managing Managers, London. April 8-10. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

The Evaluation of Financial Leases, London. April 9. Fee: £115. Details from Registrar, "The Evaluation of Financial Leases," London Business School, Sussex Place, London NW1 4SA.

Senior Executives' Finance Course, Bradford. April 5-10. Fee: £345. Details from Course Secretary, Finance and Accounting Programme, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

International Personnel Management Seminar, Geneva. April 20-May 1. Details from Centre d'Etudes Industrielles, 4 chemin de Conches, 1231 Conches-Geneva, Switzerland.

Strategic Business Planning, Stratford-upon-Avon. May 22. Fee: £90 (plus VAT). Details from Wales International Management Centre, 6-8 Albany Road, Cardiff, CF2 3RP.

THE PROPERTY MARKET BY MICHAEL CASSELL

Green light at Barkers

HOUSE OF FRASER and Pearl Assurance are to start talks on the redevelopment of the Barkers of Kensington department store, following this week's go-ahead from Kensington and Chelsea's planning committee.

Pearl is the freeholder of the 600,000 sq ft building in Kensington High Street, which has represented something of a weight around House of Fraser's neck, and the two parties can now start detailed discussions about the redevelopment scheme.

The beseiged department stores group is anxious to make an immediate start on unlocking some of the so-called "supervalue" built into its properties in the shape of redevelopment potential, a strategy upon which it has relied heavily during its bid battle with Lonrho.

House of Fraser directors fully appreciate that the Barkers scheme will not be able to prove their point until well after the bid is resolved but they are clearly very keen to be able to point to positive action which supports the views put forward in recent defensive documents.

But it is equally clear that, at least in the case of Barkers, the group is ready to hand over some of its "supervalue" in return for development finance.

The Barkers scheme—which will reduce the group's trading floorspace from 288,000 sq ft to 180,000 sq ft, provide 216,090 sq ft of offices, a 92,000 sq ft department store and three shop units—is going to cost over £20m and House of Fraser is looking to the Pearl for the money.

It seems likely that the funds will be forthcoming but the deal is going to mean a renegotiation of House of Fraser's long and apparently reasonable lease (rent reviews are thought to be something over 20 years). Barkers will be getting its new, slimmed-down, cost-efficient department store but the extent of its share in the income arising from the remainder of the redevelopment will be equally important in terms of its "supervalue" strategy.

Mr. George Willoughby, House of Fraser finance director, says that ideally the freeholders (their request for anonymity is being respected by the stores group but by few others) will finance the scheme, but that other sources would be tapped if necessary.

"We do not envisage any problems in co-operating with the freeholders on our plan and want to get things moving just as quickly as possible. We would like to be in a position to start alterations early in the next financial year."

House of Fraser is keeping figures on income potential from the redesigned store close to its chest, although it seems to be banking on office rentals reaching around £12 a sq ft when the space becomes available in a little over two years time. Comparable rents in the area are currently around £10 a square foot.

Mr. Willoughby says that no tenants for the offices or for the retail space have yet been lined up, although no doubt Conrad Ritblat, the group's property advisers, have got their ears pretty close to the ground. Among the favourite candidates for the multiple store are C & A and Littlewoods.

When redevelopment work begins, the major priority will be to maintain the Barkers' trading presence with the minimum amount of disruption.

In detail, the planning application provides for the conversion of the 3rd to 6th floors into offices, while approximately two-thirds of the building on the western side will, from the basement to the second floor, be retained by Barkers. The remaining third of the building to the east will be transformed into the multiple store. The three independent store units, providing a total of 14,500 sq ft will be on basement and ground floor level fronting onto Kensington High Street.

Mr. Willoughby says the plans will enable House of Fraser to maintain a substantial and profitable presence in Kensington High Street and the group believes the scheme provides an excellent example of what the group can contemplate in the case of several other major stores. About 28 of the group's 109 stores have already come under the microscope and, given the chance, other schemes are likely to follow.

As for Lonrho, temporarily impotent in the face of a Monopolies and Mergers inquiry, Mr. Rowland and his colleagues may feel as unenthusiastic about House of Fraser's readiness to dilute its "supervalue" via Barkers-type deals as it was about the D. H. Evans sale and leaseback.

Laing agrees on Reading pre-let

LAING PROPERTIES this week started work on its £10m central Reading office scheme and announced that it has agreed a pre-letting with Guardian Royal Exchange.

In a deal which should please LPL no end, the new scheme is to be taken by GRE on completion in early 1983. The rental value is expected to be in the region of £700,000 a year, equating to around £12 a sq ft on the 58,000-sq-ft net scheme.

GRE is to lease the whole development as its new branch office in Reading. The main office building comprises 54,000 sq ft and is adjacent to the old town hall, which is to be refurbished at a later date by the borough council.

Donaldsons acted for LPL, while Gibson Eley and Goddard & Smith acted for Reading borough council in negotiating the 125-year ground lease for LPL.

● Electricity Supply Nominees is to pay £9.1m for the Greater London Council office building at 8-10 Great George St., Westminster. The 58,000 sq ft building houses the Council's public health engineering department, which will now be relocated at County Hall.

● South and South East Communications, the new commercial TV franchise holders on the south coast, have taken a 106,000 sq. ft former warehouse and distribution centre on the Boyatt industrial estate at Eastleigh, near Southampton, as their new studio headquarters. The building was previously occupied by Laxons, a Linfood subsidiary, and the lease—50 years running from 1976—was assigned by L. S. Vail and Donaldsons. Current rental is understood to be about £120,000 a year although a five-year review is looming.

● Gabriel Securities has prelet 123,560 sq. ft. on its £5m industrial estate at Gatwick airport at a rent approaching £2.50 a sq. ft. The Gatwick Road industrial estate has been funded by the Pension Fund Property Unit Trust and the new letting, to Bradbury Wilkinson, the security printers, accounts for all the new space being constructed on the site. Joint letting agents: Russell Cash and Chestertons. Debenham Tewson and Chinnocks acted for the tenant.

● The Amsterdam-Rotterdam Bank is to pay about £22 a sq. ft. for the entire 40,000 sq. ft. of space at 133 Moorgate, the office building jointly developed by United Real Property Trust and Norwich Union. AMRO were represented by Weatherall Green and Smith and Jones Lang Wootton acted for the developers. The Bank expects to open in early 1982.

M25 'will raise values'

CONSTRUCTION OF the M25 London orbital route promises to spark off a major upsurge in the value of commercial property and land close to the new route, according to a report just published.

In a comprehensive assessment of the impact which the route is likely to have on the region's property market, the report says the road will bring about radical changes in the pattern of demand for space and force institutions and developers to rethink their investment strategies.

Nathaniel Lichfield, the planning consultants, and Goldstein Leigh, the surveyors and investment advisers, claim in their joint report that the highest levels of rental growth over the next ten years are likely to be achieved on commercial and industrial premises in favoured areas close to the new motorway.

The authors say that those willing to purchase or develop properties before the completion of the road—due in 1986—will reap the biggest benefits, although a major problem for developers will be in finding sites around the M25 where planning permission can be obtained.

In consequence, institutional investors—who rarely purchase older or substandard buildings—will have to consider buying such properties in areas where restrictive planning policies prevail, relying on demand pressures to make profitable eventual refurbishment or redevelopment.

The new road, which the report describes as "the most important development to affect London and the south-east since the construction of the Underground", is now 30 per cent complete and, when finished, will throw a 120-mile circle around the capital.

To illustrate the changes the new route is likely to have on the region, the authors point out that while a lorry en route from Tilbury docks to Heathrow airport via the North Circular can now take up to four hours to complete the journey, the M25 will cut travelling time to a maximum 40 minutes.

The report suggests that the new road will change the pattern of commuting around London and further reduce the number of people travelling daily into the capital. Companies occupying offices in central London will find it increasingly attractive to move out while planning curbs will see rents in major towns in Hertfordshire, Buckinghamshire and Surrey rising to West End levels soon after the road is completed.

The document lists over 50 "areas of opportunity" within close proximity of the M25 where there will be heavy pressure for development but emphasises that increases in demand are likely in precisely those locations where planning policy inhibits expansion.

There will be, according to Nathaniel Lichfield and Goldstein Leigh, rapidly rising rental and capital values for all commercial property in the vicinity of the M25—accelerating after the road is completed—with increases most evident in those areas around an beyond the Green Belt wher growth restrictions are applie by the planners.

Landowners owning olde properties and semi-commercia sites in the restricted growt areas will find it increasingl attractive to redevelop or re furbish because of high lan values, although they will ofte have to struggle to get plannin permission.

The report believes ther will be intense competition an very high values paid for an site with planning permissio in the favoured areas aroun Hertfordshire, south wes Essex, north Surrey, Bucking hamshire and north west Ken

Elsewhere in the regio much more attention may b paid to previously unfashion able areas to the east near th Thames, such as Grays-Tilbury Dartford, Redbridge, Havering Dagenham and Erith.

The most radical changes i demand are foreseen in th warehousing sector and th report points out that the M2 will extend to many more area the benefits of communication which have resulted in muc higher rents around Heathrow

It suggests that the comple tion of the road will extend t warehousing locations an where along the route the typ of advantages which have le to escalating rents aroun Heathrow. The report says tha the Heathrow area will itsel continue to benefit fron proximity to the M25 but tha rental values to the north eas and south east of London wil begin to move up at a muc faster rate than before.

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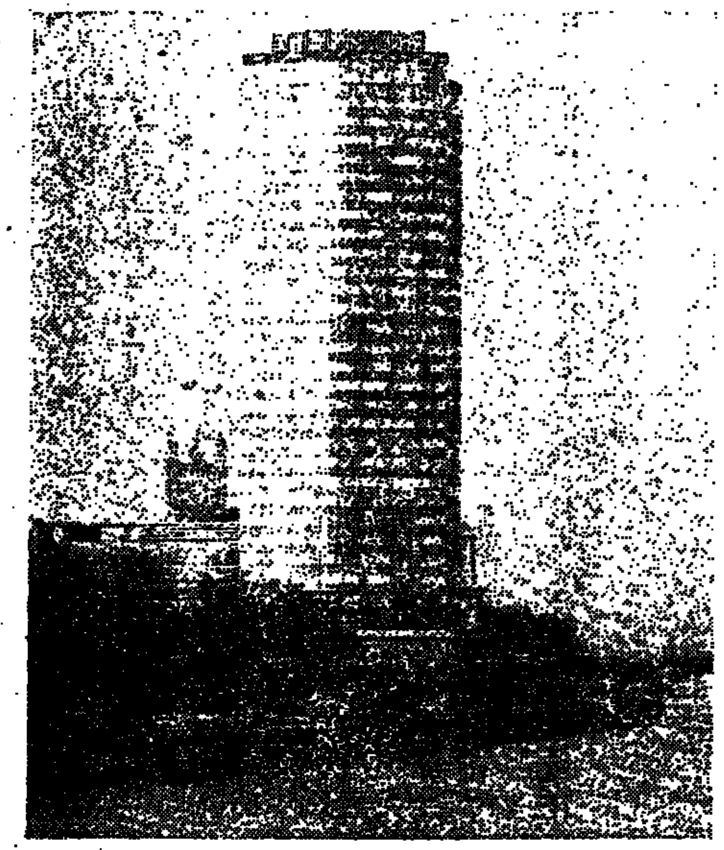

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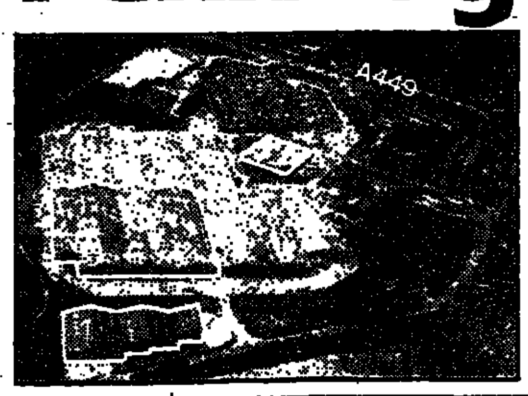

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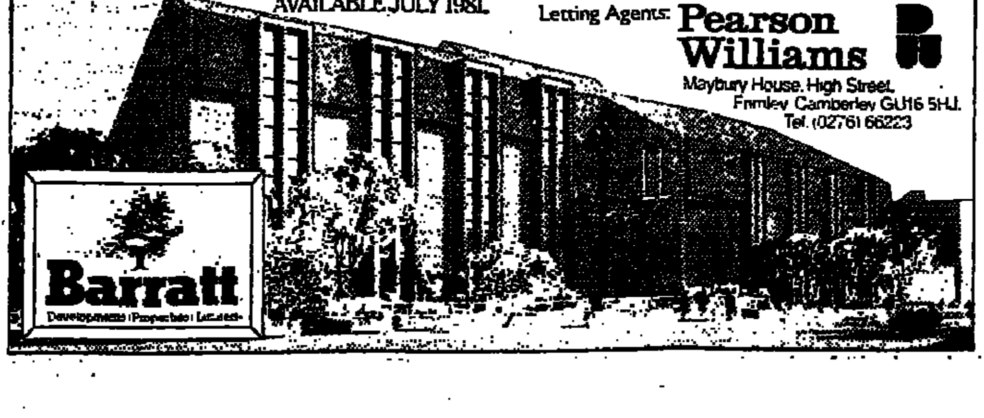

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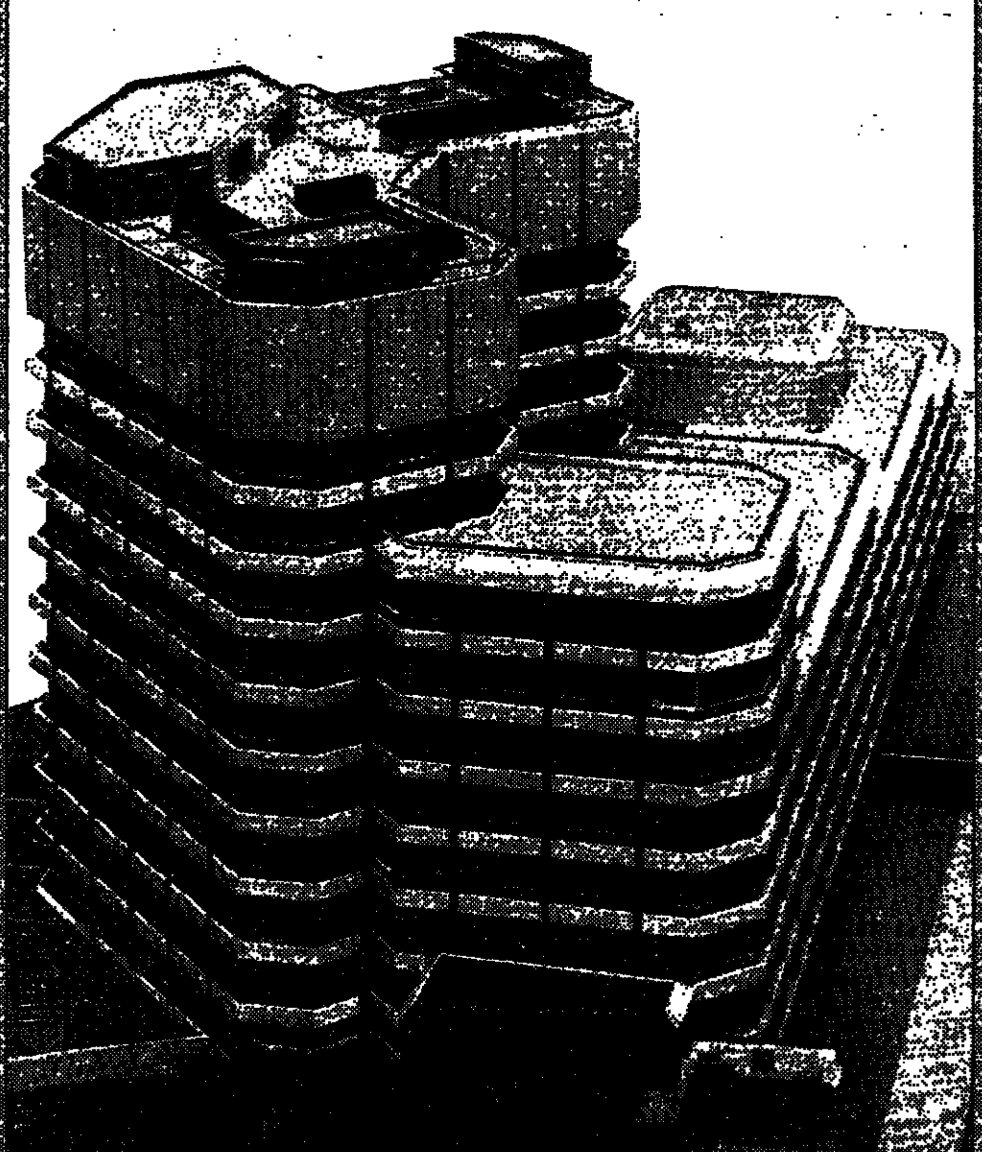

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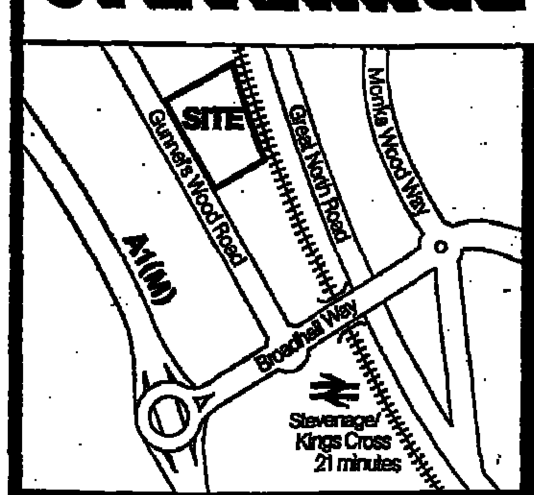

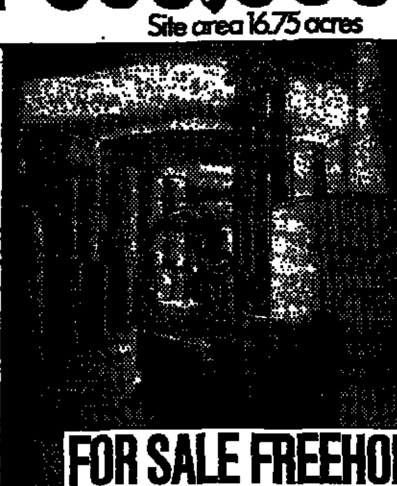

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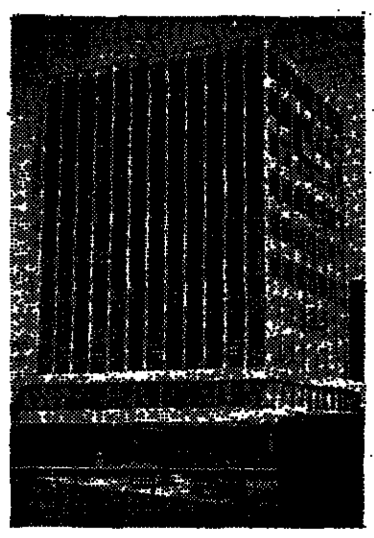

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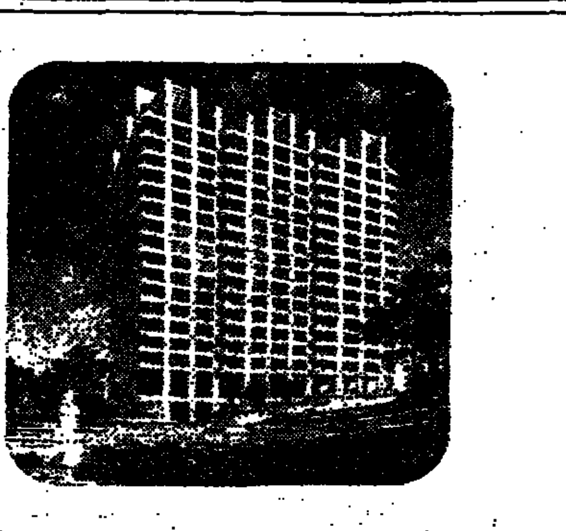

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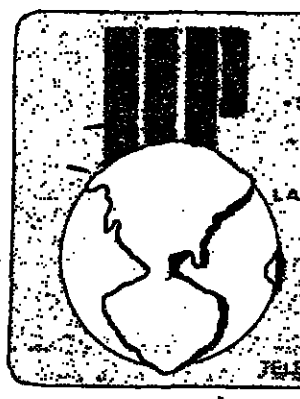

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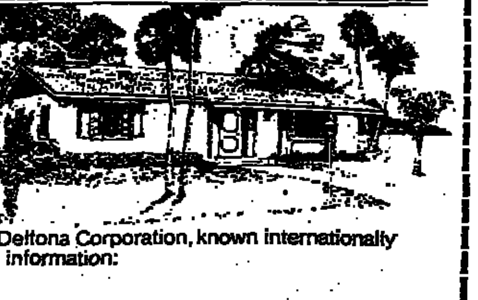

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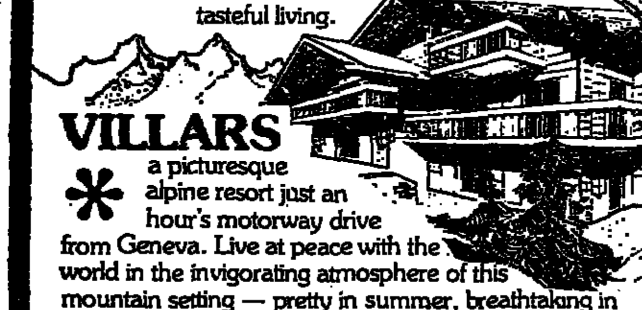

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A FINANCIAL TIMES SURVEY

INTERNATIONAL PROPERTY

FRIDAY, 15th. MAY 1981

The Financial Times is planning to publish a Survey on International Property. The main headings of the provisional editorial synopsis are set out below.

INTRODUCTION The need to establish geographical and risk-spread in investment portfolios, together with the prospect of higher yields and wider opportunities has helped step up international property investment and development.

WORLD RENTAL LEVELS Rents in many major international locations have been surging ahead, some managing to double in a year.

THE MARKETS The remainder of the Survey will carry reviews of the property markets in the following areas:

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LOMBARD

EMS due for a shake-up

BY DAVID MARSH

"The Ministers and central bank governors have decided that technical adjustments have become necessary within the European Monetary System.

"Following their meeting in Brussels this evening, it has been agreed that, with effect from Monday morning, the central rate of the Deutsche Mark will be raised by 5 per cent against the Italian lira and by 2 per cent against all other currencies within the system.

"The exchange rate of the lira will be lowered by 3 per cent against all other currencies.

"This step will make a positive contribution to orderly conditions on the exchange markets and will safeguard the steady development of a zone of currency stability in Europe."

This is the communique that Herr Karl Otto Poehl, president of the West German Bundesbank, must be dreaming about. Thanks to drastic tightening of Frankfurt interest rates during the last few weeks—and an easing of the U.S. monetary squeeze — the Deutsche Mark has recovered most of the ground lost on the foreign exchange markets during the ignominious days of January and February.

Intervention

The Deutsche Mark is back to top position in the EMS. A discreetly delighted Bundesbank is resuming intervention to prop up the weaker currencies.

The French franc has lost ground in what may be the first tremble in an attack of pre-election jitters. And the sickly Italian lira and Belgian franc have both fallen beneath the "alarm bell" level which, according to EMS algebra, is supposed to trigger off support action or devaluation.

In other words, time is ripe for the long overdue, carefully rehearsed piece of theatre of a Deutsche Mark revaluation, staged at the traditional late Sunday night session in Brussels (alternative: Frankfurt, or possibly Luxembourg, depending on central bank governors' weekend plans).

Especially if it is accompanied by more signs from across the Atlantic that President Reagan's dollar levitation act is starting to lose its magic, the event will bring a bloom back to the Bundesbank's careworn cheeks.

Reminding audiences that EMS parities, unchanged for 18 months, have become way out of line with member countries' inflation rates (Germany: 5.5 per cent: Italy: 19.5 per cent), Herr Poehl may even be able to forget for a moment that he still has an enormous current account deficit to finance.

With German interest rates now at 5 to 6 per cent in real terms, the funds may now, after all, start to flow in easily enough—although the cost of attracting them is an obvious burden for the German economy.

An EMS shake-up may also not come amiss from the French point of view. The last thing that President Giscard wants is for pressure on the franc to flare up just before polling day in six weeks' time.

But provided the realignment is carried out promptly, it can be passed off as a purely technical measure, allowing the Banque de France to concentrate on its pre-election job of gently easing interest rates down.

The communiqué is bound to have something to say (they nearly always do) about "the need to strengthen co-operation with countries not participating in the system." It is difficult, however, to see what can be done in the case of Britain.

Now that Professor Alan Walters and other members of the Monetary Base Information Exchange have been unmasked and their proposals to manage the sterling exchange rate thwarted by the Treasury, full EMS membership for Britain is even further away than ever.

With Britain chalking up the kind of current account surpluses rivalled only by Saudi Arabia and Kuwait, and the Government still sticking to its deflationary line, it is hardly surprising that sterling has risen sharply since the Budget.

Mrs. Thatcher may at the moment be the Lili Marlene of the currency markets, sowing conviction on foreign fronts while havoc reigns at home.

Inflation

But with British inflation now expected to remain in double figures at least over the next 12 months, and Germany's level likely to subside as its own recession sets in, sterling still looks desperately over-valued against the Continental currencies.

Foreign exchange dealers will have to watch out lest the mermaid lures them on to the rocks.

Regulating an offshore financial centre

BY EDWARD OWEN

AROUND BRITAIN

JERSEY

JERSEY'S VISCOUNT — the chief executive officer of the island's courts — is currently handling a multi-national bankruptcy case involving liabilities of £7m.

The company concerned, Intersub, was merely registered in the island; its business was operating mini-submarines for oilfields.

But it is considered vital to Jersey's good name that the case should be properly investigated, and £30,000 of taxpayers' money has been allocated for the purpose.

Up to a few years ago, the duties of the Viscount were insular and uncomplicated—serving summonses, administering maintenance orders or carrying out an inspection—a *vue de vicomte*—when farmers fell out over a boundary.

Even the *desastres*, Jersey's equivalent of bankruptcy, were usually local affairs and in any case were not pursued beyond the island's shores.

With the island's emergence as an offshore financial centre, the Viscount's department, like other branches of the administration, has had to learn to deal with sophisticated international business dealings.

Pursuing Intersub's assets will entail court actions in England, Scotland, France, Italy, Norway and Bermuda. Mr. Philip Misson, the Viscount, will have to appear on each occasion to argue that, although he comes from a small island of 74,000 inhabitants, he is the person entitled to seize them.

Since the financial world discovered Jersey's attractions in the 1960s, the island authorities have been at pains to show, in the words of their economic adviser, Mr. Colin Powell, that they are "keeping a respectable house."

"No future was seen, politically or commercially, in becoming a "tax haven." Jersey's aspiration was to be a financial centre and that meant being a reputable place in which leading institutions could set up shop.

As a result, among today's 40 licensed deposit-taking houses are such names as Algemene Bank Nederland, Bank of America, Banque Nationale de Paris, Chase Manhattan, Lazard Brothers and Morgan Guaranty.

Their total deposits, including balances held for international loans, are currently around £7.7bn, while the amount invested in locally-based unit trusts and mutual funds exceeds £600m.

The first step to regulate the offshore banking business was taken in 1968 with the introduction of the Depositors and Investors (Prevention of Fraud) (Jersey) Law.

Just recently, a much more comprehensive set of regulations has been brought in under this law. One of its objects is to extend the control to branches, as well as local subsidiaries, of international banks. The original law stipulated that such banks must trade through Jersey subsidiaries, but this was changed in 1976 to allow international loan operations to be mounted from the island.

Mr. Richard Syvret, the commercial relations officer, explained that, at the same time, the opportunity had been taken to "tidy up" the regulations by bringing them into line with present-day accounting standards and providing for more detailed supervision.

In addition, legislation had been passed to enable the island to control the use of the words "bank," "banker" and "banking" in company names.

Basically, however, Jersey relies on official vigilance and the good sense of its professional community, rather than rules and regulations, to keep its house in order.

In the case of new companies, the beneficial ownership and proposed activities must be disclosed, coupled with confirmation that the owners have not been in financial trouble in the past.

But for this information, Mr. Powell and Mr. Syvret admit, they depend on local lawyers or qualified accountants practising in the island.

Jersey's Control of Borrowing Order gives the finance committee discretion in consenting to the issue of shares in a company, which in effect means control over incorporation. The same law is used to "vet" unit trusts launched from the island.

For some time the requirement for banks has been that they should be of international status and reputation, and in a position to open up new areas of business.

While these safeguards have worked, Jersey's clients are often surprised to find that, in an island handling so much of other people's money, more has not been done about commercial law reform. The company law dates back, basically unchanged, to 1861.

In the early 1970s it looked as if a programme of reform might be about to begin. An English solicitor with long experience in company law, Mr. David Morgan, was appointed as the island's first commercial relations officer with a brief to review the whole field of commercial law.

Mr. Morgan produced a series of reports and draft laws designed to give Jersey a modern commercial code. But while his work aroused considerable interest outside the island, it met with a cold reception from the local professional community, who saw it as a sledgehammer to crack a nut.

Only two of Mr. Morgan's draft laws—one providing a legal basis for trusts in Jersey the other enabling banks to establish a clear security interest in movable property—have made headway.

Although it is 30 years since the chamber of commerce petitioned the island parliament to "revise and codify" bankruptcy procedures, Jersey still has no specific law on company liquidation.

The achievement of Mr. Misson and his staff, in a period that has seen more *desastres* than in the whole of Jersey's history, has been to put investigative teeth into a system evolved to deal with the failures of shopkeepers and farmers.

Their main breakthrough has been to disprove the assumption, held up to the mid-1970s, that Jersey's Viscount had no power to lay hold of assets outside the island's jurisdiction.

The most notable victory was when, after 17 days of legal argument in the High Court, the Viscount was last year granted an "order in aid" allowing him to pursue the assets in England of a former Jersey resident.

There has been similar recognition in French and other courts, and in April Mr. Misson is due to fly to Milan to uphold his jurisdiction there in the Intersub case.

In the light of his experience in settling 83 *désastre* cases involving debts of £15m over the past four years, Mr. Misson has submitted his own proposals for an insolvency law to the finance committee.

Among its provisions would be powers to demand information from those closely connected with a bankruptcy, to get at improperly transferred assets and to seize real property.

The harshness of the present *désastre* procedure ("a sudden death," Mr. Misson calls it) would be mitigated by allowing for a provisional declaration of insolvency and providing for eventual discharge.

Meanwhile, he believes that his department's investigative work and, especially, its success in going into other jurisdictions, have helped to show that Jersey is not just an easy hide-away for offshore companies.

A Head start at Chepstow

RACING

BY DOMINIC WIGAN

RICHARD HEAD, who must virtually have given up any hope of landing a Gold Cup with the luckless Border Incident, has a habit of picking up races at Chepstow.

He looks to have win and place prospects through Major Knight and Karaberry.

The first has found one too good in both races since he put eight lengths between himself and The Corinthian in a two-mile chase at Leicester early last month. He has been maintaining his form well, however.

Lord Pembroke's seven-year-old, who previously got the better of Roadster in a stirring finish to a novices' hurdle here in holding ground, in no way was disgraced in defeat at Huntingdon recently. John Francombe's mount failed by a length to hold a renewed challenge from Haybale, to whom he was trying to concede 7 lbs, in the three-mile Jim Holden Novices' Chase.

This afternoon's return to the minimum trip will suit Major Knight admirably as will the heavy ground and the absence of Fred Rimell's Fixed Price.

Karaberry, in the frame on each of his four appearances but without a win, will also relish today's going. Head pulled him out of a division of Lingfield's Newleaf Hurdle to run in this course's Cornish Hurdle. Holemoor Star may follow him home.

At Lingfield, where only a downpour will see a repeat of last year's abandonment through waterlogging, York Cottage is clearly the one they will all have to beat in the Newleaf's opening division. Nick Gaselee's charge recently found only Ballyton and Alebs too strong in a 23-runner event at Wincanton.

In yesterday's Daily Express Triumph Hurdle when Baron Blakeney, in trouble two flights from home, ploughed through the mud on the final hill to deprive Broadsword of the spoils. Baron Blakeney, 66-1, is clearly a formidable staying hurdler in the making.

Had the ground been marginally less exacting, Broadsword undoubtedly would have justified a prolonged and major anti-post gamble. Only Mansky, running in the Robert Sangster colours, threatened among the 10-runner Irish party. He, too, was beaten by the ground more than anything.

CHEPSTOW

2.45—Major Knight**
3.15—Karaberry***
4.15—Fox Run

LINGFIELD

2.30—York Cottage*
3.00—Staunton
4.00—Havanus
4.30—Cardiff

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45 How Do You Do? 2.02 For Schools, Colleges. 3.20 Trem: Georgian State Dance Company. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Finders Keepers. 5.05 Breakthrough. 5.35 Fred Basset.
5.40 News.
5.55 Regional News Magazine and Nationwide.
6.20 Nationwide.
6.50 Sportswide.
7.05 Tom and Jerry.
7.15 A Question of Sport.
7.45 Coming Home.
8.15 Cliff in London.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 The Time of My Life (London and South East).
10.45 News Headlines.
†10.50 The Late Film: "The Woman in White." starring Alexis Smith.

All Regions as BBC 1 except as follows:

Cymru/Wales—1.45-2.02 pm O Dan Y Mor. 2.02-2.22 I Ysgolion: Hwnt Ac Yma. 4.45 Florida. 5.15-5.40 Breakthrough. 5.55-6.20 Wales Today. 7.05 Heddiw. 7.30 Trem: Strad Y Parc. 7.55 Pride of Place. 8.25-8.50 Triangle. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-12.50 am The Late Film: "I Could Go On Singing," starring Judy Garland.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Paul Goodman in Concert. 10.45-10.50 News for Scotland, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland, National News. 12.40 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend; Midlands (Birmingham)—Day Out; North (Leeds)—Troll . Wall; North East (Newcastle)—Coast To Coast; North West (Manchester)—Unlucky for Some?; South (Southampton)—The New Foresters; South West (Plymouth)—Towards 2000; West (Bristol)—Public Life.

BBC 2

6.50-7.55 am Open University.
11.00 Play School (As BBC 1 3.55 pm).
4.50 pm Open University.
†5.40 King of the Rocket Men.
5.55 Monkey.
6.40 Speak for Yourself.
7.05 Mid-Evening News.
7.15 One Hundred Great Paintings.
7.25 Oxford Road Show.
8.00 Gardeners' World.
8.25 France: The Seven Year Switch?
9.00 Playhouse.
10.45 Newsnight.
11.30 Friday Night . . . Saturday Morning: A way of ending the week with Tim Rice.

LONDON

9.30 am Schools Programmes. 12.00 The Magic Ball. 12.10 pm Once Upon A Time. 12.30 The Television Programme. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "Tell Me My Name" 4.15 Dr. Snuggles. 4.20 The Adventures of Black Beauty. 4.45 The Extraordinary People Show. 5.15 Clapperboard.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Vegas.
8.30 Holding The Fort.
9.00 My Father's House.
10.00 News.
10.30 Benson.
11.00 The London Programme: CB Radio.
11.35 The Electric Theatre Show.
12.05 am Stars On Ice.
12.30 Close: Personal choice with Johnny Morris.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Friday Film Matinee: "Skullduggery" starring Burt Reynolds 6.00 About Anglia 10.30 7 Days. 11.00 Soap 11.30 Friday Late Film: "Molly and Lawless John" starring Vera Miles 1.15 am Chapter and Verse.

ATV

1.20 pm ATV News. †2.45 Movie Matinee: "The Clairvoyant" starring Claude Rains 6.00 ATV Today 10.30 Soap 11.00 ATV News. 11.05 Peter Cushing, Master of Terror in "Island of Terror."

BORDER

1.20 pm Border News. 2.45 Friday Matinee: "Louis Armstrong—Chicago Style." 6.00 Lookaround Friday. 6.30 Out of Town. 10.30 Golf: United States v. The World. 11.25 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "Rawhide." 6.00 Channel Report. 6.30 Ladies First. 6.55 What's on Where. 7.30 Charlie's Angels. 10.28 Channel Late News. 10.36 Soap. 11.05 S.W.A.T. 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "How to Break up a Happy Divorce" starring Barbara Eden. 6.00 North Tonight including Sportscall. 7.30 Charlie's Angels. †10.30 Police Story. 12.10 am Seachd Laithean—News and film reports from Scotland. 12.25 North Headlines, Road Report.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. †2.45 Friday Matinee: Faith Domergue in "It Came From Beneath the Sea." 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 After All That, This. †11.10 Film of the Book: Lee Remick in "Experiment in Terror"

HTV

1.20 pm HTV News. 2.00 Houseparty. †2.25 The Friday Matinee: "Father Came Too" starring James Robertson Justice, Leslie Phillips and Stanley Baxter. 6.00 Report West. 6.30 Welcome Back Kotter. 7.30 Chips. 10.28 HTV News 10.35 "Who Says We Can't?" Part 2 of the programme marking the International Year of the Disabled. 11.05 Soap. 11.35 Cameras.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 12.30-12.10 pm Flicabelam. 4.15-4.45 [illegible] Mewn Fforest Bodin. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Friday Matinee: "It Came From Beneath The Sea" starring Faith Domergue. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Here Here. 7.30 The Incredible Hulk. 10.30 Ways and Means. 11.00 Curling. 11.45 Late Call. 11.50 S.W.A.T.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 "Overboard" starring Angie Dickinson. 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Survival. 7.30 Charlie's Angels. 10.35 Isle of Wight Artisans. 11.05 Soap. 11.35 The Late, Late Show.

TYNE TEES

9.20 The Good Word. 9.25 North East News: 1.20 pm North East News and Lookaround. 2.45 Friday Matinee: "Cry of the Wild" 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Film of the Week: "The Virgin Soldiers" starring Lynn Redgrave and Hywel Bennett. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "The Clairvoyant" starring Claude Rains, Fay Wray and Mary Clare. 4.13 Ulster News. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Benson. 11.35 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. †2.45 The Friday Matinee: "Rawhide" starring Susan Hayward and Tyrone Power. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 7.30 Charlie's Angels. 10.32 Westward Late News. 10.36 Soap. 11.05 S.W.A.T. 12.00 Faith for Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Film Matinee: "Brief Season." 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Soap. 11.00 Pro-Celebrity Snooker. 11.45 Lou Grant.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell with Ring-a-Disc. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Bob Wilbey (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Steve Jones' Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 John Dunn (S). 8.00 Victor Silvester Jr., at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Castle's on the Air. 10.30 The Organist Entertains. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Fauré. 10.00 BBC Concert Orchestra (S). 11.00 Deakin Piano Trio (S). 12.00 BBC Manchester Master Concert part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.45 Chilingirian String Quartet (S). 3.25 Vaughan Williams and Schumann (S). 3.55 Youth Orchestras of the World (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Chopin piano music. 7.15 One Pair of Ears. 7.30 "La Favola d'Orfeo," opera by Monteverdi (S). 8.25 Djilas on Tito. 8.45 "La Favola d'Orfeo" continued (S). 9.55 Music in our Time (S). 11.00 News. 11.05-11.15 Liszt (S).

VHF only—Open University: 6.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 With One Voice? 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Weigh-in. 4.15 Folktales. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, Programme News. 6.00 News. 6.30 Going Places with Barry Norman. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile: Historian A. J. P. Taylor. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip looks through the BBC Sound Archives. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

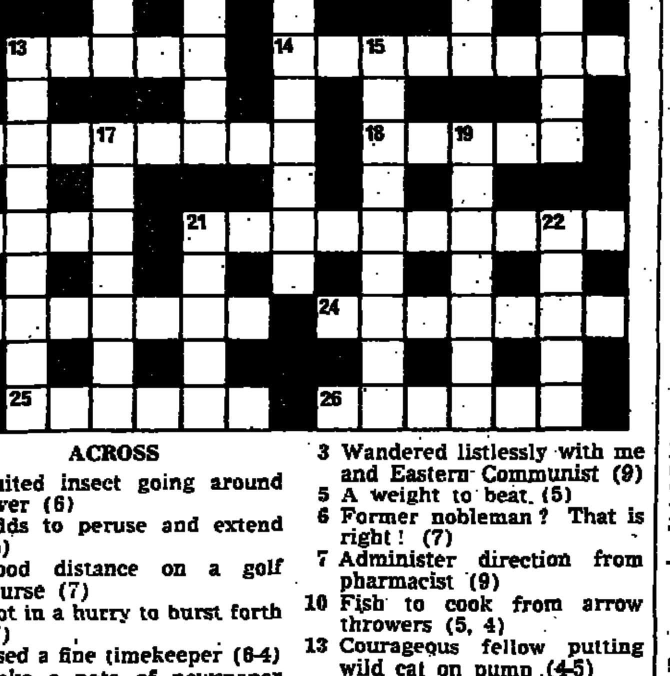
London Broadcasting

5.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne (rock music) 11.00 Greg Edwards. 12.00 Richard Allinson.

F.T. CROSSWORD PUZZLE No. 4,524



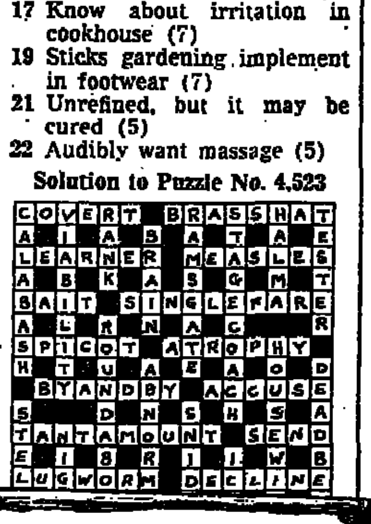
ACROSS

1 Suited insect going around river (6)
4 Odds to peruse and extend (6)
8 Good distance on a golf course (7)
9 Not in a hurry to burst forth (7)
11 Used a fine timekeeper (6-4)
12 Make a note of newspaper article (4)
13 Row right after a large ship (5)
14 Lumpy pipe sprinkler (8)
16 Dance and spot a pattern (5-3)
18 Diviner gold rug turned round (5)
20 Closed shed after start of season (4)
21 Fetters donkey, but to do it could endanger one's health (5-5)
23 Where one must pay accountant to yell (4, 3)
24 Dismiss one who tells (7)
25 Metallic German article used for kindling (6)
26 Protective screen thrown around learner (6)

DOWN

1 Burn a mark on a tree (5)
2 Drawing vehicle with nought thereon (7)
3 Wandered listlessly with me and Eastern Communist (9)
5 A weight to beat. (5)
6 Former nobleman? That is right! (7)
7 Administer direction from pharmacist (9)
10 Fish to cook from arrow throwers (5, 4)
13 Courageous fellow putting wild cat on pump (4-5)
15 Article of underwear in laundry to indoctrinate (9)
17 Know about irritation in cookhouse (7)
19 Sticks gardening implement in footwear (7)
21 Unrefined, but it may be cured (5)
22 Audibly want massage (5)

Solution to Puzzle No. 4,523



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. Until April 4 LONDON FESTIVAL BALLET. Evgs 7.30. Mat Tomor & Mar. 28 at 2.30. April 4 at 4.00. Until Wed next COPPELIA. Ton't: Troglia. Johnson, Wells.

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). 65 Amphiseats avail for all perfs from 10.00 am on the day of perf. THE ROYAL BALLET Ton't & Tomor at 7.30 Mayerling. Mon, Wed & Thurs at 7.30 Manon (Penney replaces Seymour Mon perf). Tues at 7.30 Daphnis & Chloë, My Brother My Sisters, Façade.

SADLER'S WELLS THEATRE EC1. Tel 01-837 1672/1673/3856. Credit Cards 10 am to 6 pm 01-278 0871. Last two perfs BALLET RAMBERT. Evs 7.30 Tonight & Tomor. Cruel Garden. Tkts £1 to £6. March 23 to 28 SINGERS COMPANY presents Offenbach's Operettas. Evs at 7.30. Mon, Tue. & Fri. La Perichole. Wed, Thur & Sat next Orpheus in the Underworld. Tkts £1 to £6.

THEATRES

ADELPHI. S. CC. 01-836 7611. Evs. 7.30. Sat. 4.00. Mats. Thurs. at 3.00. TONY BRITTON, JILL MARTIN, PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Now booking through to October. For group bookings telephone 01-836 7358 or 01-379 6061.

ALBERY. 01-836 3878. CC bkgs. 379 6565 Grp. bkgs. 379 6061 or 836 3962. Evgs. 8.00. Thurs. Mat. 3.00. Stalls from £2.90. Sat. 5.00 and 8.15. Sian Phillips Denis Lawson (Most Promising new Actor DRAMA AWARD 1980). Rodgers and Hart's musical PAL JOEY.

ALDWYCH. S 836 6404. CC 379 6233 (10-6, Sats 10-4). Info 836 5332. ROYAL SHAKESPEARE COMPANY. Ton't 7.30. Tomor 2.00 & 7.30 PASSION PLAY by Peter Nichols. Prestel booking 22023. Group Sales 379 6061. RSC also at The Warehouse/Piccadilly.

AMBASSADORS. S CC. 836 1171. Evgs. 8.0. Tues. Mat. 3.0. Sat. 5.30 and 8.30. J. B. PRIESTLEY'S Mystery Play DANGEROUS CORNER Acclaimed revival of Priestley's most popular play.

APOLLO. CC. 01-437 2663. DIANE LANGTON. BEN CROSS in I'M GETTING MY ACT TOGETHER AND TAKING IT ON THE ROAD. OPENING MARCH 31 AT 7.0. Reduced price previews from March 26.

ARTS. 836 2132. Mons. to Sats. 8 pm. £4, £3, £2 TWISTED CUES. Season must end April 11.

COMEDY THEATRE. S. CC. 01-930 2578. Limited season until 23 May only. Evenings 7.15. Mat. Thurs. 2.00 (note early start). The National Theatre smash-hit production from the Cottesloe of ARTHUR MILLER'S THE CRUCIBLE. Directed by Bill Bryden.

CRITERION. S. 930 3216. CC 379 6565. Grp. bkgs. 836 3962 or 379 6061. Eves. 8. Sat. 6 and 8.45. MARTIN CONNOR, DAVID DELVE, TRICIA GEORGE, PETER REEVES deliver the songs and words of TOM LEHRER with huge polish and glee in TOMFOOLERY a satiric musical revue.

DUCHESS. CC. 01-836 8243. Prevs. from March 23. Evgs. 8.0. Mats. Wed. 3.0. Sat. 5.30 and 8.30. OPENING APRIL 2 at 7.0. FRANCIS MATTHEWS, GEORGE SEWELL and LYNETTE DAVIES in THE BUSINESS OF MURDER.

DUKE OF YORK'S. S 836 5122. Evenings 8.0. Saturday 5.00 and 8.30. FRANCES de la TOUR, DAVID de KEYSER in TOM KEMPINSKI'S DUET FOR ONE. Credit cards only 836 9837, 379 6565, 839 4862. Group bookings 836 3962, 379 6061.

DRURY LANE. Theatre Royal. Tel. 836 8108. THE BEST LITTLE WHOREHOUSE IN TEXAS, Evs Mon. to Thur. 8.0. Fri. & Sat. 5.30 & 8.30. Group sales Box Office 379 6061.

GARRICK. S. CC. 01-836 4601. Evenings 8.0. Until Saturday MAX WALL.

GLOBE. S. CC 01-437 1592. 01-439 6770. SEASON ENDS MAY 16. Standing room Tonight £1.50 & £2. ROWAN ATKINSON IN REVUE. Mon.-Fri. Evgs. 8.0 Sat. 6.0 & 8.45.

GREENWICH THEATRE. S. CC 858 7755. Eves. 8.0. Mats. Sats. 2.30 CONSTANCE CUMMINGS in THE GOLDEN AGE. A new play by A. R. Gurney.

HAYMARKET. Theatre Royal. CC 01-930 9832. LAST WEEKS. SEASON MUST END APRIL 18. BOOK NOW! Evgs 8.0. Maggie Smith. VIRGINIA. A new play by Edna O'Brien from the lives and writing of Virginia and Leonard Woolf. Directed by Robin Phillips. Latecomers may not be admitted.

KINGS HEAD. 226 1916. Dnr 7. Show 8. UP IN THE '80s by Neville Phillips & Robb Stewart.

LYRIC. S. CC. 01-437 3686. Evenings 8.00. Wed. 3.0. Sat. 5.30 and 8.30. DINSDALE LANDEN, NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

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CINEMAS

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CLASSIC 1, 2, 3, 4, 5. Oxford St. 01-636 0310. Opp. Tottenham Crt. Rd. Tube. Fully air conditioned. 1: THE LONG GOOD FRIDAY (X). Progs. 1.30, 3.50, 6.10, 8.30. 2: THE COALMINER'S DAUGHTER (A). Progs. 12.45, 3.15, 5.50, 8.25. 3: PRIVATE BENJAMIN (AA). Progs. 1.20, 3.35, 5.50, 8.10. 4: ORDINARY PEOPLE (AA). Progs. 12.50, 3.25, 6.00, 8.30. 5: AIRPLANE (A). Progs. 1.00, 3.00, 5.00, 7.00, 9.00.

CLASSIC. Leicester Square. 01-930 6915. THE EXTERMINATOR (X). Progs. 12.5 (not Sun.), 2.45, 5.25, 8.00.

CURZON. Curzon Street, W1. 499 3737. BURT LANCASTER SUSAN SARANDON in LOUIS MALLE'S ATLANTIC CITY (AA). Film 2.0 (ex. Sun.), 4.05, 6.20, 8.40.

ODEON HAYMARKET (930 2738-2771). ALIEN (X) IS BACK! In 70 mm and Stereo Sound. Sep. progs. wks. 1.45, 4.50, 8.00. Sun. 4.20, 7.45.

ODEON LEICESTER SQUARE (930 6111). Jane Fonda, Lily Tomlin, Dolly Parton NINE TO FIVE (AA). Sep. progs. Drs. Open wks. 1.15, 4.20, 7.30. Sun. 3.00, 7.30. Late night show Fri. & Sat. Drs open 11.15.

ODEON MARBLE ARCH W2 (723 2011-2). THE EMPIRE STRIKES BACK (U). Sep. Progs. drs. open dly. 2.30, 6.45.

PRINCE CHARLES. Leic. Sq. 437 8181. British Premiere Presentation CALIGULA (X). Sep. perfs. dly. (inc. Sun.). 2.15, 5.30, 8.45. Late show Fri. & Sat. 11.55. Seats bkble. Lic'd bar.

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THE ARTS

Lyric, Hammersmith

Entertaining Mr. Sloane

by ANTONY THORNCROFT

Leonard Burt

Barbara Windsor and Glyn Grimstead

The Lyric Hammersmith and Kenneth Williams, making his debut as a director, had a happy experience with Joe Orton's *Loot* last year and are obviously hoping to bring off a double with *Entertaining Mr. Sloane*. It's a fair gamble. This was Orton's first play but already the aphorisms were as well-rounded as Wilde's, the theatrical menace as taut as Pinter as brother and sister Kath and Ed compete for the smooth-skinned Mr. Sloane, the young psychotic murderer who falls victim to their amoral gentility.

On a set replete with kitsch, oil paintings from Boots and clashing patterns, Barbara Windsor shakes off her busty blonde image to some effect as Kath, the feeble-brained sister who wants to mother Sloane, and more. Perhaps she is not as free-flowing and outrageous to the part as Beryl Reid, but she is very credible and actually creates some pathos as the play enters its more sinister reaches in the second and third acts. Her low key performance enables Dave King as Ed, the physical fitness freak still mourning the loss of an earlier mate who was led astray from the glories of manhood through the machinations of Kath, to dominate the action. As Sloane gradually falls into his power Kenneth Williams emphasises the sexual drive in Ed, hidden earlier behind the facade of Boy Scout health and efficiency.

But in the main, this remains a writer's play with the director unwilling to offer any new insights. In 17 years since its premiere, the world has become much less shockable, and today's audience quickly leaps to the conclusion that might have been teased out in more innocent days. Even so the combination of elegant language and crude manners, of rational talk and bizzare actions, confirm Orton's genius and makes yet another revival welcome. David Blake Kelly is perhaps too genteel as Dada but Glyn Grimstead, as Sloane is quite believable as the object of sibling rivalry as soon as he is changed into his black leathers.

Cinema

Cold comfort on the frontier

by NIGEL ANDREWS

Heartland (A). Paris-Pullman and Phoenix, East Finchley.
Bigger Than Life. Electric Cinema.
The Blood of Hussain (AA). Gate 2.
Inside Moves (AA). Odeon, St. Martin's Lane.
Phobia (X). Rank London Release.

Deep in wildest Wyoming, where cattle freeze, babies bawl and the land rolls level to the horizon, unfolds *Heartland*. Last year this handsome homesteading 'Western'—a directing debut for Richard Pearce—arrived like the U.S. Cavalry to save the Berlin Film Festival from debacle, and won a Best Film Golden Bear for its deserving efforts.

It is a based-on-truth tale gamely setting out to show us that the West was won not only with six-guns but with saucepans also. Berth Ferris's script is culled from the autobiography of Elinore Pruitt Stewart, a middle-aged Denver widow who upped and left the city to go a-farming with a dour Scots rancher circa *1900*—first as housekeeper, then as wife—and hacked a living out of the cruel soil and crueller skies of Wyoming. Her daughter from her first marriage went with her, and another baby was later born to the newlyweds—only to be snatched away by illness in first infancy.

This is one of those films that spend much time clonking around the wooden floors while oil-lamps flicker, clocks tick and few words are spoken. But it has a growing power to enthrall through the pall, chiefly because director Pearce allows his scenes long breath—there are no jump-cuts or sudden truncations — and because with a wealth of well-chiselled detail he shows that this life is no chic agrarian whimsy played out by a family who could down cow-stools at a given moment and go and live in the city, but a battle for survival by three people who have *nowhere* else to go.

qualms about Rip Torn's oop-for-the-coop Scots accent as the farmer, burbled in bass-baritone through a spirit-gummed beard; but the film swathes this gnarled old potbelly in such a dark softness of domestic reality that he soon gets drawn into it like the rest of the cast—animal, human and vegetable. Conchata Ferrell, a buxom plenitude of fight and good-humour, is magnificent, whether sweating tears over the death-dealing winter that decimates their cattle or showing her pragmatism even on nuptials-day by slipping her wedding-dress on over size-9 farm-boots. *Heartland* is Cold Comfort Ranch warmed by the cockles of two sturdy hearts and by the pioneering New World drive to survive and thrive amid even the keenest of Nature's hostilities.

★

Nicholas Ray's *Bigger Than Life* is set in a sourer, sere-er America where the suburbs are alive with the sound of *angst*. This magnificent melodrama was pounded out from the heart of Hollywood in 1956 and is now reissued in a brand-new Cinemascope print at the Electric Cinema. I urge you to see it.

For once I can hold my hand to my heart and solemnly intone the whiskered cliché — they don't make films like this any more. This brand of death-or-damnation family saga, a Jacobean tragedy with bobbed '50s skirts and neat front lawns, makes *Ordinary People* look ordinary. Ray's family — wife Barbara Rush, son Christopher Olsen and tyrannising husband James Mason, who has never been the same since he started on that "miracle drug" which has changed him from a heart-sufferer to a mental psychotic —are batted to and fro in Ray's shadow-strewn, doom-throbbing set as if fresh out of Elsinore.

The plot is mostly pure delirium, and medically alarmist to boot. (Ray later admitted that it was a mistake to name his villainous miracle-drug in the film — it's cortisone! But what a pulsing, thrilling flux of visual movement Ray creates: a giddy experiment in colour, lighting and camera-movement, as the gathering thunders of the plot roll on (up to and including a murder attempt) and the shadows on the wall grow and change and stir, often within a single scene. It is a wonderful example of the cinema's plastic powers, an Expressionist painting blown off the walls and coming to life before your eyes. Hasten now to the Electric and see it.

★

Jamil Dehlavi's *The Blood of Hussain* has the misfortune to open in the same week. But even with less sanguine competition, this bloodless chunk of revolutionary cinema would seem wan and moribund. If timeliness were all, the film's having been shot in Pakistan just before General Zia's coup might raise it to a pedestal of heroic prophecy, for Dehlavi depicts the struggle of a landowner's son (Salman Peerzada) against a brutal militocracy. But good timing is counterweighted by a pathetic script which seems to apologise for its few brave stabs as visual symbolism (a white horse rearing from a tomb of red sand) with an acreage of lumpen dialogue scenes, and by acting that is either crestfallenly non-inspirational (Peerzada himself, who plays both the rebel hero, Hussain, and his politically conformist brother) or downright bad (Kika Markham).

The attempted parallelisms between our modern hero and the historical Hussain, Muahammad's grandson, who rebelled against a Caliph's tyranny in the 7th century AD are to Western audiences at least almost totally elusive. And where a Third World movie-maker like Glauber Rocha would bring such allusions, however recherche, to life by a fiery beauty and momentum of imagery, Dehlavi staggers so brokenly from one scene to the next that it's as much as the movie can do to keep moving at all, let alone build a momentum.

Impossible to explain why this film has been given a critical championing sufficient to ensure it a London run, except by supposing that a red flag to some critics has the same Pavlovian influence—with a differently seductive result—as a red rag to a bull.

Worse, I fear, to follow. *Inside Moves* is the "heart-tugging" tale of a young man physically crippled by defenestration and then emotionally cured by comradeship. Having survived his suicide-fall from an Nth-floor skyscraper window, shy, lonely youngster John Savage finds himself life-sentenced to a gammy leg and a stiff-shouldered stoop. But fear not! Mixing in with the convalescents who hang out at Max's Bar near the hospital, he finds a new meaning in life. He pours his energy into crippled friend Jerry's bid to become a basketball ace, he plays cards and trades jokes with the regulars, and he pours out his troubles—and finally his heart—to sweet blonde-bombshell waitress Louise.

Photographed by Laszlo Kovacs with an opacity that one can only call understandable — as if reflected in a misted-up bathroom mirror — this appalling heart-on-sleeve endurance-test was directed by Richard Donner, of *The Omen* and *Superman*. The film doesn't so much tug at your heart as lasso it and pull, riding off in the opposite direction. More times than you can count—not least in Max's Bar, where life is like an endless replay loop of *The Iceman Cometh* — we are lectured raw about the joys and happy tears of comradeship-in-adversity. The rest of the time, we jaunt through vaseline-lensed L.A. anxiously in search of a plausible character, a speakable line of dialogue, a visible location.

Even maestros have their black-letter days. *Phobia* is a cadaver of a murder-mystery to which director John Huston attempts to give artificial respiration. Vain hope. In a Canadian hospital apparently devoted to research in Pseudo-science and advanced methods of Malpractice, "behaviourist" doctor Paul Michael Glaser treats patients' phobias by confronting them with the objects of their fears—snakes, heights, crowds. Not only do the said patients not get cured but they also get mysteriously killed off.

Long-winded Gothic windings through narrative detours and vermilion-red herrings finally bring us round to the solution that was signposted and suspected right from the beginning. By this time the audience has developed its own phobia, which is the film itself, and its own solution, which is hasty withdrawal.

Megan Folson in Heartland

Palace, Manchester

Jesus Christ Superstar

by MICHAEL COVENEY

This lovingly restored theatre opened on Wednesday after three years of closure. It is a perfect lyric venue that will house the Royal Opera and the National Theatre with ease and comfort in the coming months. Prince Charles declares the place open at a Gala on Sunday and I shall report more fully on the venture tomorrow.

Now for the bad news. *Jesus Christ Superstar* is as much, and almost as corny, a fact of contemporary theatrical life, as *The Mousetrap*. Jim Sharman's West End production was a brilliantly staged event, coloured lighting and economic effects blending with a hard, concert platform austerity. Nine years on, that approach, if the show could stand it, looks in dire need of a re-think. Instead, the Palace has opened with a ropey, second-rate version that comes reeling out of London before spinning off on a 35-week tour.

The highspots are still the entry into Jerusalem, with the rousing "Hosanna Heysanna" chanted in a sea of red silk, and the climactic title number with a glittering Judas shimmying in front of a funky heavenly host asking Christ if he thought he was what they say he is.

I always loved the rhythm and drive of Lloyd Webber's music, and the orchestrations, notably in Pilate's dream number, are continuously imaginative. Under Anthony Bowles, the band sounds just fine. Celena Duncan is a passable Mary, Robert Farrant an anonymous Jesus. The singing generally is far too wobbly and superfluously indulgent. Best in the cast are Michael Sanderson as Pilate and Johnny Worthy as Annas.

Now all the fuss about Christ as a rock star has died down, several things emerge clearly: *the show's debt to the Who's Tommy*; the essential untheatricality of the concept; the persistent banality of Tim Rice's lyrics; and the cleverness of the initial presentation.

Covent Garden

My Brother, My Sisters

by CLEMENT CRISP

Wednesday, as on Monday, there were major cast changes in the current and ill-assorted triple bill of *Daphnis*, *My Brother, My Sisters* and *Façade*. Especially remarkable was the assumption on Wednesday by Marguerite Porter, Wendy Ellis and Stephen Jefferies of the central trio in *My Brother*. The piece might be subtitled "Games families play," for I can imagine this tormented group of siblings settling down to what they probably called "The Game" rather as did Cocteau's *Enfants Terribles*.

Far more terrible, and terrifying, these children—the brother seeking to dominate; the sisters picking with uncanny skill at each other's psyches; all of them surveyed by the mysterious "He" whom I now think remembers them all, for they increasingly seem to me to be part of his imagining. As the first and maddest sister, Marguerite Porter gives a performance splendidly dislocated. She brings a sweetly disturbing menace to the part—there is a run across the stage to interrupt the affections of her brother and the bespectacled sister which strikes chill to the heart in its malevolent energy—and she stalks her sisters with predatory power.

Jefferies is a "natural" for the brother's role. He has the rare ability to exteriorise feeling, and here dredges up every last atom of the boy's arrogant desire to control the family, and his wild terror as he senses the onset of epilepsy. It is a characteristically thoughtful, precise, boldly danced and fully explored reading by this greatly gifted artist. And from Wendy Ellis a view of the luckless second sister entirely convincing in its combination of fear and timorous enjoyment of the games. This engrossing ballet handsomely repays repeated viewing.

The cast changes in *Daphnis* have also been welcome. On Monday, Marguerite Porter and Julian Hosking were the lovers, their freshness restoring a gentle vulnerability to the characters. On Wednesday Jennifer Penney, with Anthony Dowell, was exquisite in rhythmic vitality and grace in the last scene's flute solo. None of the Chloes this season has yet managed to capture all the exhilarating delight in the final *danse générale*—they fail in joyous stamina. From Michael Batchelor a beautifully danced account of Dorkon on Monday; from Genesia Rosato, a very tempting Lykanion on Wednesday. Permutations from all these interpretations could produce one good cast — which should then be allowed a run of performances.

Collegiate

Crispino e la comare

by RONALD CRICHTON

Camden Festival, bringer of good things, started last weekend and is with us until the end of next week. To speak only of the operatic side, where else would one find such rare things in the space of a single fortnight? This year there are productions in the pleasant, intimate but not cramped Collegiate Theatre of operas by *the brothers Ricci and Cimarosa* —not for once *Il matrimonio segreto*, but an opera seria, *Gli Orazi e i Curiazi*—as well as concert performances in Logan Hall of Sacchini's *Renaud* and (by Chelsea Opera Group) Puccini's *Manon Lescaut*.

Luigi and Federico Ricci's "melodramma fantastico-giocoso" *Crispino e la comare*, a late (1850) flowering of the opera buffa tradition, was revived with great success at Wexford two years ago. A jolly, unsophisticated comic opera, with one foot in the popular theatre, particularly that part of it concerned, from the days of *Die Zauberflöte* through to the time of Raimund, with fairy plays; also that other part concerned with the ancient tradition of satire on the medical profession. There are lots of tunes, flights of coloratura, and a remarkable patter trio in buffo style for the cobbler-turned-doctor Crispino and two medical gentlemen whose noses he has put out of joint.

The production by Tom Hawkes, in effective, deliberately down-at-heel pastiche sets by Reginald Woolley, catches the note of fantasy (in the scene where Crispino is arraigned by his fairy familiar, who reveals herself as death) more securely than the comic tone. Some of the playing, both on stage and in the pit (by the Haydn Orchestra under James Judd) was too heavy at Wednesday's performance. I don't think the Riccis' scoring needs to *sound so rough and rustic*—perhaps it won't do so at the repeats tonight (Friday) and tomorrow (Saturday). But Mr. Judd showed skill in keeping quick numbers together, and loudness did not obscure the ingenious quality of Rodney Blumer's new translation.

Gordon Sandison takes the baritone role of Crispino—dapper and incisive of voice and person, a good singer without the unique sad charm Bruscantini brought to the part at Wexford. Lynda Russell sings Crispino's wife Annetta (a Patti role at Covent Garden) with the timbre of an English Ricciarelli, great suppleness and a sly humour. Johanna Peters makes the most of the familiar's appearances and utterances. Bonaventura Bottone is the tenor—not much of a role in this baritone opera. Crispino's enemies, the miser Don Adrubale and the medicos Mirabolano and Fabrizio fall to Harry Coghill, Michael Rippon and Donald Maxwell—the last-named a most promising young baritone from Scottish Opera. For the un-snobbish, *Crispino* offers a very enjoyable evening.

ICA

Blood Pudding

by ROSALIND CARNE

Strangulation, slow poisoning, incineration and suchlike have always had their own peculiar brand of devotee. Some vicarious sadism draws crowds to horror movies, bullfights and possibly even Jacobean tragedy. Lumière and Son appear to have had this in mind in preparing their latest lurid offering.

Unmitigated nastiness, however, rarely works in theatre. The theme must be of sufficient import to carry the weight of gore. *Blood Pudding*, set in Jacobean times, attempts a strong enough theme—women's revenge on male violence. Unfortunately, the theme is lost in the complex business of the action and that becomes drearily predictable. When the theme does emerge in the final moments, it is ludicrously destroyed by the excess of sausage meat and entrails pouring from the dead man's doublet.

The show opens to Renaissance dance music against a set of rich velvet drapes and tapestry. Pale-faced men and women enter with stilted movements and hideous grimaces. In their stiff, ill-fitting costumes, they are a parody of the 17th century court. Their dances are interrupted for a series of mimed playlets, centering on rape, sodomy, orgies, baby battering, castration etc. A curtain is occasionally drawn aside to enact some of the more blood-curdling medical scenes. One unfortunate woman endures a nose transplant, to be rewarded with a penis.

Women are not always the losers. Three husbands are burnt alive before female vengeance takes its final swing. As the curtain falls, a live piglet trots on stage, just in case we have missed the point.

Blood Pudding was created during a month long residence at Bradford University and Ilkley College. The director is Hilary Westlake and the entire cast of 18 students and three company members was involved in devising the show. It certainly feels like everyone has had a bash.

Movements, lighting, special effects and the use of voice are cleverly done, but the subject matter is out of hand. A certain amount of tittering from the audience suggested that Lumière and Son's groupies enjoyed watching their chums being disembowelled.

Cut-price babysitting for theatregoers

A cut-price babysitting scheme is being offered to help young parents have a night out at the theatre in London's West End. It is being offered by the Society of West End Theatres in co-operation with the babysitting organisation Childminders. People buying theatre tickets at the Society's half-price ticket booth in Leicester Square will be entitled—by saving their stubs—to £2.50 off the babysitting organisation's charges.

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Friday March 20 1981

ICL—not the right answer

FOR THE second time in ten years a Tory government is coming to the rescue of ICL, the leading British-owned computer manufacturer. This time the support is taking the form of government guarantees for £200m of bank borrowing, designed to give the company a breathing space in which to sort out out its problems. The parallels with Chrysler in the U.S. are obvious. But Ministers are justifying the intervention, not on the usual employment grounds, but by reference to the special importance of ICL as a supplier of computers to the Government.

The argument is not convincing. ICL's situation is not very different from that of several other large manufacturing companies which are facing severe financial problems as a result of the recession, the strength of sterling and high interest rates. ICL's troubles are compounded by its product strategy, which has put it at a disadvantage in some sectors of the data processing market.

Three other companies have to fight their own way out. There are, at least in theory, several courses open to them. They can persuade the banks to go on financing them until their fortunes revive; they can undergo a financial and management reorganisation along the lines recently followed by Stone-Platt Industries; they can seek an injection of fresh capital from a wealthy partner, whether British or foreign; or they can be taken over by another company. If, as some critics believe, ICL suffers from shortcomings in management and technology, the provision of additional funds — from whatever source — will not in itself put the company on the right track.

Irrelevant

A private-sector solution for ICL is especially appropriate in view of the alacrity with which the present Government disposed of its remaining shareholding in the company soon after it entered office in 1979. Both the management and the Government regarded the 25 per cent shareholding — stemming from the earlier rescue — as unnecessary and irrelevant. The directors were only too pleased to be rid of a link with the state which they saw as embarassing and even harmful to their commercial activities. Institutional and other investors eagerly snapped up the ICL shares.

It seems odd that, less than 18 months later, the prospects for the company — which is operating in one of the great growth industries of the 1980s—should have deteriorated to such a point that a government bail-out was the only feasible option. Did the financial instiutions refuse to intervene, as they had done in the case of Stone-Platt? Or did the Government, for political reasons, reject any of the private-sector solutions likely to be available?

Small systems

The present rescue will not solve ICL's fundamental problems and will revive the discredited notion of ICL as Britain's chosen instrument in the world computer industry. This idea was in the Labour Government's mind when it sponsored the creation of ICL in 1968 and it was the basis of Tory policy in 1970-74. In contrast to West Germany, the UK has concentrated far too much of its support for the computer industry in the hands of the big maker of mainframe computers, at the expense of small computers and office systems. In an industry where technology is advancing rapidly, there is a wide variety of viable strategies, for small companies as well as large; any subsidies for research and development should be spread over a wide front.

Sir Keith Joseph, Secretary for Industry, rightly complains of the burdens bequeathed to him by past Labour Governments in the form of BL and British Steel. Is he about to create another one in ICL? Temporary assistance, as he frequently reminds us, has a habit of becoming permanent.

If yesterday's announcement is followed promptly by a genuine private-sector solution, the damage will be limited. If that solution were to involve a link with a foreign company, or even a complete take-over, the Government should not stand in its way on Gaullist grounds. The danger is that the intervention will take all the pressure off the financial institutions to whom responsibility for ICL properly belongs.

Loose talk in Washington

THEODORE ROOSEVELT had a simple prescription for American foreign policy: "Speak softly and carry a big stick." None of us knows how big a stick the Reagan Administration may be prepared to wield. But it is certainly not speaking softly.

The babble of often contradictory voices in Washington is disturbing. An official (unnamed, but known to be Mr. Richard Pipes, a member of the National Security Council) tells the Press that the Administration is determined to "do to the Soviets what they have been doing to us in Ethiopia, Angola, Afghanistan, and elsewhere."

Disowncd

The official is promptly disowned by both the White House and by the State Department. But what be said matches other statements that have been coming from Washington as the new Administration settles in. There was the episode of the neutron bomb. Mr. Caspar Weinberger, the Defence Secretary, was said to "leaning towards" developing this controversial weapon; then the idea was played down. A perfectly respectable case can be made for the weapon, but there is no justification for half-baked statements.

When the matter first arose some years ago Herr Helmut Schmidt, the West German Chancellor, agreed that the weapon might eventually be deployed in Germany. Washington changed its mind, making him look a fool to his Left-wing. The Weinberger episode must have sent a shiver down Herr Schmidt's spine.

All these episodes can be explained as the almost inevitable result of a new and largely inexperienced team learning to deal with some of the world's most dangerous problems. It would be preferable if the familiarisation course were a little less public.

At the very least the repeated pattern shows that President Reagan exerts only limited authority over his team. But there is a more sinister interpretation: that he and they really do believe in the oversimplified picture of world affairs that he put forward in the election campaign—and that we are now beginning to see the results.

Time alone will tell. But it is worth looking at the record where there are grounds for forming a judgment. Mr. Reagan did not upset the deal which President Jimmy Carter made with Iran for the release of the American hostages, though in that case his hands probably were tied. He did not lose his head in the Polish crisis: Washington, like the rest of NATO, has handled this extremely explosive matter gingerly.

Policy towards the Middle East, possibly the most complicated question facing the Administration, has not yet evolved. More may be known after the forthcoming Middle East tour, of Mr. Alexander Haig, Secretary of State, to discover what may be saved of the Camp David Peace Agreement.

In the meantime Mr. Reagan is more inclined than his predecessor to sell arms to conservative Arab regimes. His reasons may be as much commercial as political. That may be playingfi with fire, but there are others in the alliance who are tempted in the same direction.

Clearer and more worrying patterns are merging in southern Africa and Latin America. Washington may have toned down its expressions of support for the junta in El Salvador, but the argument remains unchanged. Events are portrayed as a Communist attack upon America's back yard. In southern Africa, Washington may be about to negate years of western efforts to solve the Namibian crisis. In the interest of his relations with South Africa, Mr. Reagan risks driving the nationalist SWAPO movement into the arms of the arms of the Cubans and Russians, as though one Angola were not enough. The possibility that Mr. P. W. Botha, the South African Prime Minister, will be invited to Washington is a straw in the winds.

Exposed

It remains to be seen how Moscow will react. The Kremlin has a healthy appreciation of the realities of power. If it were to persuade itself that the Reagan administration has the will and the means to withstand or even push back Communist expansionism, Moscow might seek an accommodation.

That is to paint the most optimistic picture possible. But it also is a dangerous game of "chicken," in which Washington's European allies, with their evident interest in clinging to dentente, find themselves in an especially exposed position.

THE ICL RESCUE

A swift fall from grace

By Guy de Jonquieres

THE BRITISH Government's decision yesterday to rescue ICL with £200m in loan guarantees follows four frantic months of searching in vain for a private sector solution to the company's deepening problems. The quest has been truly international in scope, ranging across three continents as well as the UK.

Among the prominent companies mentioned as possible saviours in recent weeks have been Control Data and Sperry Univac of the U.S., Siemens of West Germany, Hitachi and Fijitsu of Japan and, predictably, the General Electric Company in Britain. Even some companies outside the computer industry have been approached, notably Shell and British Petroleum. But none of them, apparently, has been prepared to take on the task on terms acceptable to ICL and the Government.

If there is one paradox which stands out above all others in the sad decline of ICL, it is the timing of it. For it has occurred at the very moment when the world market for electronic high technology appears poised on the brink of a powerful expansion.

At first glance, it seems deeply puzzling that a company which was widely viewed until less than a year ago as one of Britain's high-flyers could have come so badly unstuck.

Its sales, which reached £715.8m last year, dwarf those of its domestic competitors. Its share of its home market, roughly 35 per cent, is equal to that of International Business Machines—an achievement which no other indigenous European computer manufacturer can match.

A vigorous export performance has lifted overseas sales to almost half of ICL's revenues. Outside the U.S. and Japan, its sales are matched only by those of IBM. It has even attained reasonable success in France, a market which many other computer companies have found hard to crack.

There is no single explanation for ICL's fall from grace. It is, rather, a story of misjudgments, misfortunes and, the company's critics argue, mismanagement. To understand how it developed, it is necessary to return to the origins of the company's formation.

ICL was born in 1968 out of a Labour Government sponsored amalgamation of International Computers and Tabulators, formerly a business machine manufacturer and the computer interests of English Electric. The aim was to produce a grouping of sufficient size to compete with American multinationals. The two parts of the merger had themselves absorbed previously a variety of computer operations, including Elliott Automation, and parts of Ferranti, Marconi and EMI.

The main original shareholders in what was then called International Computers (Holdings) were the Government itself, Plessey, Vickers, Ferranti and English Electric, which which later in 1968 became part of the General Electric Company (GEC). All have since sold their shareholdings. The Government netted a £25m profit on its sale in December, 1979.

To help ICL find its feet, the Government pledged development aid of £13.5m during its first four years of existence. It also adopted a policy of awarding the company almost automatically all contracts-to-supply big computers required by central government departments.

In spite of this support, ICL got off to a somewhat shaky start, and in 1972 it ran into serious financial difficulties. These stemmed from the cost of developing the 2900 series of computers, needed to replace the ageing and technically incompatible machines inherited from ICT and English Electric.

The Heath Government stepped in with further development aid of £40m over five years. At the same time, Mr. Geoffrey Cross was drafted in from Sperry Univac to take over the chairmanship of ICL. The turnaround in its fortunes, which began in the mid-1970s and lasted until early last year, is widely ascribed to the firm and decisive management control which he applied.

Indeed, ICL's health seemed so thoroughly assured that even Mr. Cross's departure in 1977 did not unduly shake the City's confidence in the company's future. As late as last July, some brokers were still forecasting a further rise in net profits for the year. The actual 46.5 per cent slump, and the loss of more than £20m which occurred in the first quarter of this year, help explain the City's bitterness about ICL in recent months.

In retrospect, more attention should perhaps have been paid to the circumstances of Mr. Cross's departure. Though he resigned for genuine family reasons, he had also been fighting a losing battle to channel more of ICL's resources into minicomputers and away from the top end of the market.

In the past few years, the centre of gravity in the computer market has been shifting steadily downwards. The development of the microchip, which enables computer technology to be applied at low cost to many thousands of problems, has produced a boom in small machines. Sales of big computers, which tend to be capital investments and highly sensitive to recession, have almost stagnated.

Increasingly, the battle for the big computer market is turning into a world championship contest between IBM and the Japanese. Other companies, including the second-tier manufacturers like Sperry-Univac, Digital Equipment and Honeywell are looking to market specialisation based mainly on smaller machines for their future growth.

ICL, however, has remained committed to trying to match IBM across almost its entire product range. But it has been able to support its efforts with resources only a fraction the size of IBM's, whose research and development budget last year almost equalled ICL's entire turnover.

Nor has the British Government been particularly generous. It has encouraged ICL to think of itself as a privileged supplier, yet has given it no development aid of any consequence since 1977 (in contrast to the treatment accorded ICL's European counterparts like CII-Honeywell Bull of France and Siemens of West Germany). Moreover, the Government's preferential procurement policy, which won ICL valuable orders in the past, ended at the start of this year.

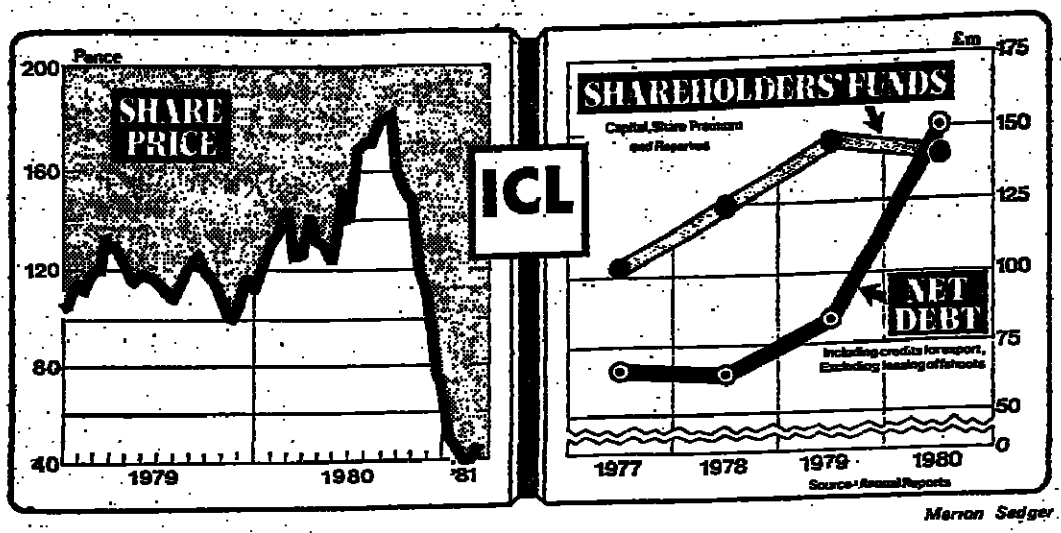
But the company's management has also been criticised both in the City and in Whitehall for not having been more far-sighted. Those close to ICL have been surprised that it has not defined a more aggressive and imaginative product strategy attuned to the broad trends in the world computer market.

These, underlying difficulties have been severely exacerbated by economic developments during the past year. Though ICL managed to increase its sales by 15 per cent in 1980, the recession has dampened demand for larger computers, both at home and abroad.

Its competitive position has inevitably suffered from the rise in sterling, particularly against American manufacturers whose costs are mainly in dollars, while high interest rates have inflated the bill for its rapidly-rising borrowings.

The management also seems to have been slow to take action to cut costs. Its has announced no further moves to trim production since its decision to shed 2,400 staff, taken last October. Some industry experts believe that considerably deeper cuts may be needed, even if the economy starts to turn up.

None of these factors explains fully, however, the brutal suddenness with which ICL's position has deteriorated. Attention in the City has focused particularly on the company's leasing policies. But management's responses to date have by no means answered all the questions on this score.



Marion Sedger

A BARE six months ago, on September 10, ICL's share price hit an all-time peak of 196p, write David Freud. After years of suspicion, investors had decided to forgive and forget the rescue of the early 1970s, and the stock was riding high with the rest of the electricals sector.

Straws in the wind like the closure of the Dukinfield factory and the withdrawal of job offers to graduates were ignored, and there was a string of stockbroking reviews recommending purchases right through the summer.

But at the same time as the share price was peaking, cash was draining out of the company at an unprecedented—and unsustainable—rate. The annual accounts, released after the New Year, showed that in the year to September the company's net debt had risen by £64.8m, including credit for exports. Nor was this all. ICL organises an important part of its sales through unconsolidated leasing offshoots. Once the extra debt likely to have been taken on by these is included, the total cash outflow last year was probably little short of £100m.

There is no shortage of reasons for the increase in cash requirements. The strength of the pound and rougher competition as demand growth slowed in the world recession imposed a double penalty on ICL. So profits tumbled as margins were squeezed and volume stagnated. Meanwhile, the stockpile of unsold machines jumped by nearly a third to £82m and the amount the company was owed in trade credit soared by £26m. So far, however, there has been no satisfactory explanation of the astonishing speed and scale of the turnround.

Sir Keith tears up his own rule-book

THE SUPPORT for ICL will widely been seen as the most surprising and embarrassing of the Government's industrial "U turns" unless new private sector arrangements are negotiated, which allow the Government to withdraw.

A year ago, before Sir Keith Joseph, Industry Secretary, had agreed to provide massive continuing support for BL and British Steel, before he had offered other aid to troubled companies like Talbot and Bowater, such a move would have been unthinkable.

Even a few weeks ago it would have seemed incredible that Sir Keith would pledge £200m of public funds to under-pin ICL without any new private sector partners and without securing in advance any new business strategy and plans.

The special irony and embarrassment for Sir Keith is that ICL was only launched fully into the private sector from the National Enterprise Board 15 months ago as part of the sale of Government assets.

With hindsight, his critics will now argue that the sale was made too soon: certainly it will argued that the current resene attempt might well have been easier to mount from the NEB's headquarters than from Sir Keith's own offices.

But the main point is that there is now virtually nothing credible in Sir Keith's avowed policy of non-intervention in industry. During his time as Industry Secretary he has rapidly embraced the various forms of aid developed by the Labour Government from the previous Conservative Government's interventionist 1972 Industry Act. Yesterday's guarantees are being provided under Section 8 of that Act, a statutory instrument of selective industrial aid which Sir Keith abhors.

First he was converted to the need to prop up BL, British Shipbuilders and British Steel for a mixture of industrial and social reasons which have been widely accepted as necessary, especially in the current recession.

He also accepted that substantial aid packages would have to be paid to foreign companies to attract their investment projects into the UK—some £50m to £100m—will probably go to Nissan if it eventually decides to go ahead with its car factory.

Then, having kept the NEB in being, he accepted that its INMOS microchip project should be backed and that a bio-technology partnership with the City should be started. He has also provided more money for industrial research and development.

He justifies such support by saying it involves "more public goo dthan private good." By that he means that the benefits of the aid are not limited to just the recipient company but will be spread to many others as the new technology develops.

But these nicely defined rules were severely bent last autumn when the Government tried to persuade Bowater to kep its loss-making pulp mill open on Merseyside by offering substantial aid for new investment projects quite outside any plans the company was envisaging. A similar offer was made to Talbot at Linwood — but in both cases the companies refused the offers.

Finally, in the last couple of months, more than £1.8bn aid has been provided for BL and British Steel. Sir Keith excused these decisions by saying first that the costs of closure would be greater and secondly that the problems had been inherited from the last Government.

None of these reasons appears to apply to ICL, so Sir Keith had to fall back on the fact that there are a lot of ICL computers in Whitehall which meant, he said, that the Government had a "special interest" in helping to save the company.

A few months ago Mrs. Thatcher gave respectability to what she called "constructive intervention" in industry by the Government and also supported Sir Keith's new public purchasing policy aimed at improving relationships between the Government and its suppliers. No-one at the time imagined that such twin aims would lead to yesterday's potentially open-ended aid.

John Elliot

MEN AND MATTERS

A new field for Cluff

Britain's most elegant oil-man, "Algy" Cluff, has finally realised his long-held ambition to buy the Spectator. After two weeks of discussion with Henry Keswick, proprietor of the political and literary weekly since 1975, the private transaction has been an undisclosed sum.

Editor Alexander Chancellor has already completed his first day's work under the new ownership, and life at Doughty Street goes on very much as before. "I would not have been interested if Alexander Chancellor had not stayed on," says Cluff, and dinner between the two men on Tuesday established what Chancellor calls "the clear understanding between editor proprietor which is the only way in which the thing can work."

The pair are agreed that, while editorial will not be touched, more forceful marketing should take the paper into profits. "I hope," says Chancellor, "that some of his commercial experience can be used to help us. It doesn't mean we are going to change the *product*—if that is the word the Financial Times would use—but based on the assumption that the paper could have, not a huge readership, but a large one, it is not an impossible ambition."

Algy Cluff—oiling the presses

Circulation is now around the 17,000 mark—lower than the 18,300 reached in the first half of last year, but 5,000 better than in 1978. The paper is making a loss, but, says Chancellor, "nothing like" the £250,000 which has been rumoured. Cluff looks for break-even at 25,000 sales, with 50,000 the ideal level. "It would lose its character if it got very much beyond that." he says, a point backed up by Chancellor who says that "if I felt there was any threat to its intimacy I would not be interested in staying."

Chancellor was installed by his old friend Henry Keswick, who bought the paper when he came back from Hong Kong, where he ran the family business, the mighty "hong" Jardine Matheson. Keswick was pleasantly vague when I asked him why he had decided to sell. "I've owned it for five or six years. I have contributed a bit, and people seem to quite like it. It is a very personal thing—own it for a bit, pass it on to somebody else." Keswick will not disclose the price. "A lot of money for ordinary people," he volunteered when I pressed him. But just how much? "Five hundred million pounds," he said. Sounded rather startling until he followed it with a rumble of laughter.

Cluff is, says Keswick, "an ideal proprietor. It ought to be owned by somebody, perhaps the word is not *eccentric*, by somebody who would *cherish* it. It ought to be owned by an individual."

An individual Cluff certaianly is. At 40, he is chairman and chief executive of Cluff Oil, which he founded in 1972 and built up to a £30m market capitalisation on high-rick, high-return projects. Tall, smooth, a background in the Grenadier Guards and merchant banking, he is very much St. James's Street's answer to the Texan wildcatters.

The Spectator is now in its 152nd year, and no stranger to financial uncertainty, losing £8,000 in its first two years of life. Its best-known proprietor of recent years is Sir Ian Gilmour, who bought it in 1954 and gave it much of its present style through the hiring of writers like Bernard Levin, Alan Watkins and Alan Brien.

It joins in Cluff's off-duty portfolio Quarto, a then-ailing literary magazine which he bought last October from its founder Richard Boston. Boston's co-editor John Ryle says Cluff has been a welcome if rarely-seen owner, who saved the magazine's life and has since made no effort to influence its content.

Cluff hopes one day to establish a magazine comparable to the New Yorker—though it would be Quarto which provided the means to that end. The Spectator will continue in its modest way. In the words of its departing owner, "it's not the Observer or the Times. One shouldn't take it too seriously."

Parallel liner

James Beasley, the San Diego insurance broker with dreams of recreating a fleet of ocean liners to match the ill-fated Titanic, might have thought of a better name for his company, I feel, than Transit Risk Corp.

But there was no dampening his enthusiasm for the project when I talked to him yesterday. Beasley spends about three months a year aboard passenger liners and longs for a return to the good old days.

"When you could call a steward and get a cup of tea at four o'clock in the morning without a fuss," he says. "When passengers were not allowed to jog around the deck as they do on the QE2. And when the lighting did not make ladies' gowns look as if soup had been poured over them."

Standards have slipped badly, says Beasley — and he believes there are thousands of wealthy people who would like to travel in the old style and elegance.

Beasley is putting a financial package together and is confident that banks and insurance companies will back his plans to build three 47,000 ton vessels that will travel at up to 40 knots. The 600 passengers would be served by double that number of crew members, he says, and the cost of a trans-Atlantic double-berth would be anything up to $20,000.

The first ship might be in service by 1985, he thinks. And the project would pay for itself in five years.

At Harland and Wolff, the Belfast shipyard which built the Titanic, the response to the possibility of a $1.5bn repeat order, was tersely matter-of-fact: "We have had an inquiry."

Derby winner

I noted a few days ago the decision of Lincoln City Council chief executive Philip Watts to declare himself a redundant. A precedent it may prove, but one unlikely to be followed over at Derbyshire County Council, where the ruling Conservatives have signed up clerk and chief executive Neil Ashcroft on a seven-year contract which it would cost them £250,000 to break.

Flaked out

"I can only offer you a job driving a snow-plough."

"What? In this weather?"

Observer

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FINANCIAL TIMES SURVEY

Friday March 20 1981

Office Property

If the increasing demands for improved office environments are to be met, then the 1980s is likely to be a decade of particularly heavy expenditure on office buildings in Britain, when extensive modernisation will be essential in order to extend the lifespan of many business premises.

Market under close analysis

By Michael Cassell

THE UK office market is currently being subjected to an examination and analysis of almost unprecedented proportions. Almost every aspect of office development appears to be undergoing reappraisal and there seem to be as many different opinions about its state of health and the likely shape of future events as there are square feet of accommodation.

Views differ on whether or not another potentially damaging London office building boom is now underway, on the likely demand for office space over the next few years, on the role of the institutons in the development market, on the quality of current office design and on the extent to which the new generation of offices is keeping up with changing commercial requirements.

There does, however, seem fairly common agreement that the 1980s will prove to be a decade of particularly heavy capital expenditure on office buildings. For regardless of any new construction programme, the alarmingly high proportion of poor quality office accommodation in the UK means that extensive modernisation will be essential if the useful lifespan of many buildings is to be extended and if the rising standards increasingly expected by office workers are to be met.

Nor is there any disagreement over the office sector's recent track record, which has in many areas involved heavy and continuing demand for space, strong rental growth and the increasing emergence of the financial institutions as pacesetters in development and investment activity.

The UK office market has over the past few years become more clearly polarised between the South East and the remainder of the country. In the South East the need for office accommodation and the willingness of the institutional funds to finance new schemes has seen an active development programme and a continuing take-up of space. The steady growth in the service industries has provided the region's office market with an underlying strength which has, for the most part, meant that the impact of the recession has so far been minimal.

London, not surprisingly, has remained at the hub of the national office market and despite the wave of decentralisation which has taken place over recent years it is in and immediately around the capital that most demand is concentrated.

Shortages of space have continued to characterise the City of London office market, which remains one of the most sought after and expensive international office locations. There are, however, suggestions that the City must now live with a surplus of office accommodation as the financial institutions react cautiously in the wake of world recession.

But there is also confidence that the experience will be short-lived and that within little more than a year demand will rise and supply constraints will lead to another leap in office rentals.

New schemes

Whatever doubts are now being expressed about the need for further significant office development in and around the City, most developers themselves appear to be in little doubt than the demand for modern office accommodation in the area is likely to remain firm and, in pursuing schemes which will add millions of extra square feet of space to the office market, are clearly prepared to back their judgment.

It would be misleading to suggest, however, that the London office market can somehow completely isolate itself from the reminder of the economy. In the West End, for example, the proliferation of period headquarters building now waiting for tenants provides unquestionable evidence that the market is vulnerable. More widely, the slower rate of space take-up by Government departments must inevitably have an impact on the strength of the national lettings markets.

It would, in essence, be wrong to suggest that there will be a never-ending and constantly expanding source of demand to justify new development. Last year's report from the Property Advisory Group, which includes developers among its numbers, fired a few warning shots.

The report claimed it was unlikely, when the economy emerges from the recession, that there would be an overall increase in the demand for premises and that the slack picture would particularly affect the office sector.

During the latest phase of office development, shortages of suitable existing accommodation and continuing planning constraints in the London area itself have led to the emergence of several major regional office centres which have become natural overspill areas for the capital and in which demand for space has been so strong that rental differentials between these and the traditionally more popular locations have rapidly narrowed.

A new generation of office centres in the Thames Valley and to the south of London has arisen and as restrictive planning policies begin to slow down development progress even in these new centres, so the ripple effect continues and locations like Swindon and Newbury begin to emerge as alternatives to locations like Reading.

Elsewhere in the UK the picture is substantially different. Provincial offices centres are only now finally overcoming the legacy of surplus space left them by the speculative development boom of the early 1970s. Seemingly overtaken by their own enthusiasm and by a potentially calamitous assumption that the number of office tenants would expand to fill the volume of space available, developers lost touch with the marketplace. Some of the monuments to such excess still stand empty.

The extent of the over-supply can be gauged by the length of time it has taken to mop up the surplus space but there is evidence that the worst is over. In places like Birmingham some new office projects are now starting but, more generally, the development process will not revive until rentals again make schemes viable. Most funding institutions say that rents need to be over £6 or £7 a sq. ft. before development is worth considering, a yardstick which only a limited number of provincial centres have recorded.

Though the institutions may at this stage be wary of fresh involvement in the provincial office market, there can be no disputing their commitment to office property as a major investment option. Their long-term investment considerations make property an ideal choice and, within the property sector, office space has maintained its popularity.

The institutions' principal problem has been one of locating sufficient numbers of prime investment opportunities to satisfy their portfolio targets, with the end-result that competition for the few buildings which do become available has been intense. Initial yields on prime office space are down to 4½ per cent and with the growth of smaller funds—equally intent upon securing prime properties—adding to the competition, there seems little prospect of any weakening in the investment market.

The institution's difficulty in obtaining suitable standing office property investments has inevitably drawn them deeper into the development process itself, to the extent that they now fund the overwhelming proportion of new schemes, either via a developer or on a direct development basis.

But if the institutions are to consolidate their position as prime sponsors of the UK development industry, it is fair to suggest that they will have to play a more constructive and less passive role in influencing its progress.

Rent reviews

During the early part of this decade rent reviews will fall due on many offices which were built to less exacting standards than those most recently constructed (witness some very worn but relatively young City office blocks). The occasion of these reviews and the changes in office technology may well lead to a reappraisal of accommodation needs on the part of many occupiers and it will be incumbent on landlords and developers to respond quickly to such changes.

No one area of office development is shrouded in more uncertainty and surrounded by more theories than the likely impact of new technology on the office market. Rapid developments in fields like microprocessor technology, microfilming, electronic mail and retrieval systems will have an inevitable bearing on both employment and space requirements

While there is one camp which imagines that such trends can only reduce the overall requirements for office space, there is another which says the development of new technology will merely lead to an increase in the volume of work which can be contemplated.

The refurbishing of existing office stock seems certain to play an increasingly important role in the next phase of capital spending on commercial property. The Property Advisory Group said it believed that while the general level of new office development could decline, the industry's efforts would become increasingly concentrated on the improvement of existing stock, in order to maintain investment values.

Views vary widely on whether or not the Group has assessed the situation correctly. Whoever is proved to be correct, the office development industry seems certain to maintain the more cautious, analytical approach which has characterised its recent performance—an approach which should ensure that it avoids any damaging replay of the events of nearly ten years ago.

CONTENTS

Brief period of stabilisation

RENT LEVELS

MICHAEL CASSELL

AFTER A period of sustained and substantial growth, the UK office rentals markets have been, for the most part, taking a pause for breath.

Despite the poor state of the economy, the industrial shake-out which is still in full swing, plus the increasingly gloomy predictions, the office sector appears, nevertheless, to be displaying a resilience and confidence which has come as a surprise to many observers.

Demand for offices is undeniably patchy—particularly in some provincial centres—but there are few people who see current weaknesses as anything more than a temporary phase during which stabilisation will be followed by another bout of large rental increases.

After the big rises recorded in 1979, the office market calmed down last year. In the first half of 1980, average inflation-adjusted rents fell by nearly 5 per cent, although in the second half they recorded a turn-round which effectively cancelled out the previous six-month set back.

Throughout the year, rents were calculated to have broadly kept in line with inflation, though there were clear and significant exceptions to this broad picture, particularly in the London suburbs, to the west of the capital and in the Midlands.

Most of the institutions, which nowadays tend to have more than a passing interest in the fortunes of the office sector, believe there are strong reasons why there should be continued rental growth for the right property in the right place and they readily consider rental income to be more secure than dividend income.

Mr. Keith Hall, manager of the Legal and General managed fund, said recently that he expected continuing growth in rents to be repeated this year, particularly in the south-east, even though the wider economic picture could be expected to see them decline.

It is a view which has fairly general support and it seems most likely that average rents in 1981 will keep pace with, or even slightly exceed, the level of inflation. The service sector is destined to be least affected by the recession rumbling on around it, and the potential shortage of good accommodation may well have a significant effect on rents in 1982.

Performance

Over the second half of last year, office rents certainly performed better than rents in other sectors of the property market, Mr. Russell Schiller of Hillier Parker May and Rowden, says he expects to see the same trend during the current 12 months.

"The office sector is proving itself to be relatively well insulated from whatever else is happening in the economy and, although there are some black-spots, it seems likely that the recent pattern will be broadly continued," he says.

At the hub of the office market is the City of London which would be expected to demonstrate—as it has done—the greatest resilience of all. Demand for space has been maintained by the continuing influx of foreign banks into the Square Mile and the market has been supported by a shortage of prime property in the most desired areas.

Further west, the rate of annual rental growth in the West End and peripheral office markets has been markedly lower, following sharp rises in 1978 and 1979.

Rents in Mayfair fall broadly within the £16 to £20 a sq ft range, while in St. James's £23 a sq ft has been achieved. At least one new development is being marketed at £24 a sq ft, though there are widespread doubts about the likelihood of achieving such a figure in the current market.

Rents around Victoria have reached about £17.50 a sq ft—set a year ago and not exceeded in any significant lettings—while around Knightsbridge similar figures are being achieved.

Beyond the London area, the most dramatic rent increases have been achieved to the west of the capital in locations such as Reading, where rents are up to £11 a sq ft, while £12 to £13 is being expected. It is a process which has, in turn, begun to, effect even further flung locations such as Newbury, to the extent that an office tenant there may now have to pay £6 a sq ft for space while he can expect to pay half that figure in a location like Chatham, a fraction of the distance from London but apparently, on the wrong side of the capital.

Elsewhere in the country, the pattern of provincial rent growth has been mixed but it is generally the case that the removal of the long-standing oversupply of space in many centres has now pushed rents up to a point where development again begins to make sense.

GUIDE TO OFFICE RENTS
(£ per sq. ft.)

CENTRAL LONDON	New High Specification	Good Modern Specification	LONDON—WEST END	New High Specification	Good Modern Specification
Bank EC2	23.50	18.00	Mayfair	18.00	15.00
Insurance EC3	21.50	17.50	St. James	20.00	16.00
Shipping EC3	18.50	14.00	Victoria	17.00	13.00
Holborn EC1	16.50	12.00	Knightsbridge	16.30	13.00
Aldgate EC3-E1	16.00	10.00	Strand	15.00	12.00
Southwark	12.50	10.00	Euston	15.00	11.00
Fleet Street EC4	15.00	12.00	Tottenham Ct. Rd.	14.00	10.00
			Baker Street	15.00	12.00

SUBURBAN LONDON AND SOUTH-EAST

	New High Specification		New High Specification
Aylesbury	6.00	Putney	9.00
Basingstoke	6.75	Reading	11.00
Bedford	3.50	Redhill/Reigate	8.00
Brighton	6.50	Richmond	10.00
Bromley	7.50	Romford	6.00
Cambridge	6.00	Slough	13.50
Canterbury	3.50	Southampton	4.50
Chelmsford	5.50	Southend	3.75
Colchester	4.50	Staines	10.00
Crawley/Gatwick	7.50	Stratford	6.50
Croydon	10.00	Sutton	8.00
Eastbourne	3.25	Tunbridge Wells	6.00
Epsom	7.50	Watford	8.00
Guildford	8.00	Wimbledon	8.00
Hammersmith	12.00	Windsor	13.00
Harrow	9.00	Woking	7.25
Hounslow/Heathrow	11.00		
Ilford	5.00		
Ipswich	3.50		
Kingston	8.50		
Luton	4.50		
Maidenhead	11.00		
Maidstone	4.50		
Newbury	7.00		
Oxford	4.50		
Portsmouth	3.50		

PROVINCES

	New High Specification		New High Specification
Aberdeen	5.50	Cardiff	4.75
Bath	3.50	Cheltenham	3.25
Belfast	3.00	Coventry	3.50
Birmingham Central	6.00	Derby	2.75
Edgbaston	4.00	Edinburgh	5.00
Bournemouth	4.75	Exeter	3.75
Bristol	5.00	Glasgow	5.25
		Gloucester	3.50
		Hull	3.50
		Leeds	5.25
		Leicester	2.50
		Lincoln	2.50
		Liverpool	4.50
		Manchester Central	4.50
		Manchester Suburban	4.00
		Middlesbrough	3.75
		Milton Keynes	5.50
		Newcastle-upon-Tyne	4.00
		Northampton	3.75
		Norwich	3.00
		Nottingham	3.25
		Poole	3.50
		Plymouth	4.00
		Sheffield	4.75
		Swansea	3.50
		Swindon	5.75
		Wolverhampton	3.25

Source: Healey & Baker

Steady demand for prime provincial premises

INVESTMENT

MICHAEL CASSELL

INVESTMENT IN office property continues to be dominated by the financial institutions, whose determination to secure prime property assets has shown little sign of wavering in the face of some very low initial returns and mounting difficulties in finding suitable opportunities.

The institutions' enthusiasm for offices as investments, providing as they can a sound capital asset and a steadily appreciating income stream, has rarely been greater. According to Mr. Steven Webster, the partner responsible for decentralised offices at Debenham Tewson and Chinnocks, offices currently represent the most sought after sector of the property investment market and while it may not always be easy to see the immediate sense in some deals now being agreed, the purchaser is clearly basing decisions on some very firm assumptions about real capital and rental growth ahead.

There is no question that in the case of many funds the present exposure to property is significantly below the desired levels and the weight of institutional finance looking for suitable real estate overwhelms anw short-term misgivings about the present state of the rental market and maintains pressure on yields.

Some major institutional investors in property, like Legal and General Assurance (Pensions Management), have recently been putting a lower proportion of their total available funds into property, but only because their exposure has reached the limits of acceptability (in L and G's case about 30 per cent). There has been no expression of doubt about the prospects for property as a leading investment option.

Mr. Peter Simon of L and G points out that rental growth has continued and will continue this year (particularly in the South East) even though it could have been expected to decline. "Purchasing yields have remained stable and have, if anything, fallen further. The shortage of good supply will also have a significant effect on rents next year."

According to his colleague Mr. Peter Sim, the property fund manager, there does not at present appear to be a large quantity of institutional money chasing development projects but there is, however, a significant chunk of money in search of standing, prime investments. The amount actually becoming available on rack rents is nevertheless very limited.

"Very few developers are wanting to offload schemes, so there are few sales and a

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No shortage of finance in the South

DEVELOPMENT

TERRY GARRETT

"I NEED to be looking at a rent of £6 a square foot to justify developing," says Mr. Roger Squire, development director of MEPC. While others may say that they can still build viable offices with rentals of £5, it is clear that many provincial areas are going to be shunned by some developers and institutional investors until they can foresee a strong upward move in rent levels.

MEPC, for one, is concentrating in the South with four major developments amounting to £100m. With City rents for prime property around £24 a sq ft, West London up to £16 and the Thames Valley, or "Golden Triangle" as it has been called, around £12, it is obvious where the roaming eyes of developers are most easily focused. With the South riding out the recession in relative comfort compared with the rest of the country, the developers' viewpoint is not likely to shift very quickly.

However, there is an air of caution. The investing institutions are becoming more choosey and the weight of money chasing after potential developments is not as hefty as it was. It is a view commonly expressed, but in the final analysis there does not appear to be any real shortage of development finance for the South.

So is there a fear that the office market in central London and the fringes will face the problems of oversupply? The answer from agents and developers alike is a resounding "No." Then they think again and throw in the caveat. "Well no, unless all those potential developments on the South Bank come out of the ground."

While they talk confidently of continued buoyant lettings, the industry does face the difficulty of projecting future demand. As summed up in the Property Advisory Group's report: "Numerous developers and investors are in competition with each other, but with no common picture of the size of the market for new development, or of all the schemes with planning permission or under development. Information about the demand for and supply of space is limited and difficult to interpret."

Obviously, there is a substantial time lag between starting an office development and the date it is completed, so it becomes considerably harder for the office developer, as opposed to the industrial property developer, to project forward likely demand patterns. Thus, despite the depth of the recession, 1981 looks set to be a peak year for new speculative office space being completed in London.

Surplus

The recent Richard Ellis survey estimated that just over 2m sq ft of speculative development will be completed this year. Taken with the 1½m or so of existing floor space likely to come on to the market, there is a good case for supposing that there will be a surplus of prime quality offices available.

This surplus, assuming it does materialise, is unlikely to be in the hard core City area but on the outer fringes. Perhaps 1m sq ft will be over requirements, but taken against a net office stock in central London (including the City) of some 140m sq ft, the oversupply is hardly going to be a serious problem. Moreover any excess space is likely to be taken up during 1982 when the level of completions is expected to dip below the 1m mark.

Meantime the debate on how much office space London will require for the 80s and 90s roles on unabated. There are those who argue that new development is not just a matter of ever increasing floor space but just as much to do with providing better accommodation. Some two-thirds of the London office stock is over 10 years old and, the argument goes, developers are going to have their work cut out just to replace outdated buildings.

The other side of the coin is that the "technological revolution" will rapidly accelerate the already declining numbers of office workers in London.

The technological revolution looks a long way off and so long as projections of rentals over £40 a sq ft for office space by the mid-80s are in the air developers will remain keen to continue building.

But there are those in the industry who argue that such rental projections are wide of the mark. Foreign banks have provided much of the impetus behind rapidly rising rent levels in the City. Figures from Noel Alexander Associates show that the number of foreign banks in London has increased from 73 at the beginning of the sixties to 383 at the end of 1980. Mr. Tony Salata of Agents Leighton Goldhill estimates that all but 12 of the top 100 banks are already in the City, and so apart from upgrading of offices, there must be some doubts as to the strength of the demand push behind rentals.

He, among many, remains very keen on the Thames Valley as the most promising area for development. It is certainly a highly active region with plenty of points on its side—pleasant surroundings, the nearness to the airport, good road communications and so on.

Yet simply because of its attractions there is the danger that in a few years over-enthusiastic development could lead to disappointment and dampen rentals. Undoubtedly with building cost inflation now projected to rise around 10 per cent this year, some developers may well be dusting down old ideas that are now looking more viable.

The recent quarterly property survey by London agent Bernard Thorpe and Partners gives an up to date run down of rentals. Assuming prime property, the agent puts rents in Birmingham at £3 to £6 a sq ft, Bristol £4.50 to £5, Edinburgh £4.50 to £5.50, Leeds £5 to £5.50, Manchester £5.50 and Sheffield £4 to £4.50.

Questionable

While these may not be good enough to attract Mr. Squire of MEPC, most are sufficient to sustain new office building. However, there is not a lot of leeway, as anything below £5 a sq ft must be questionable as a viable development. But perhaps the main stumbling block is the understandable caution many developers and investors are feeling about ultimate demand in the provinces beyond the recession.

Leeds is one area which seems to be attracting a fair amount of enthusiasm at present. During the last 15 years there has been a definite switch away from industrial activities. Over this time some 2m sq ft of office space has been developed. New tenants have been found from national companies and Government departments. In the last four years IBM, Yorkshire Bank and the Manpower Services Commission have all taken space in excess of 40,000 sq ft. Otherwise though, much of the demand tends to be for small office suites ranging below 2,000 sq ft.

Bernard Thorpe estimates that 1m sq ft of speculative development is planned for Leeds over the next six years. With an annual take up of around 200,000 sq ft the agent does not foresee any oversupply problems.

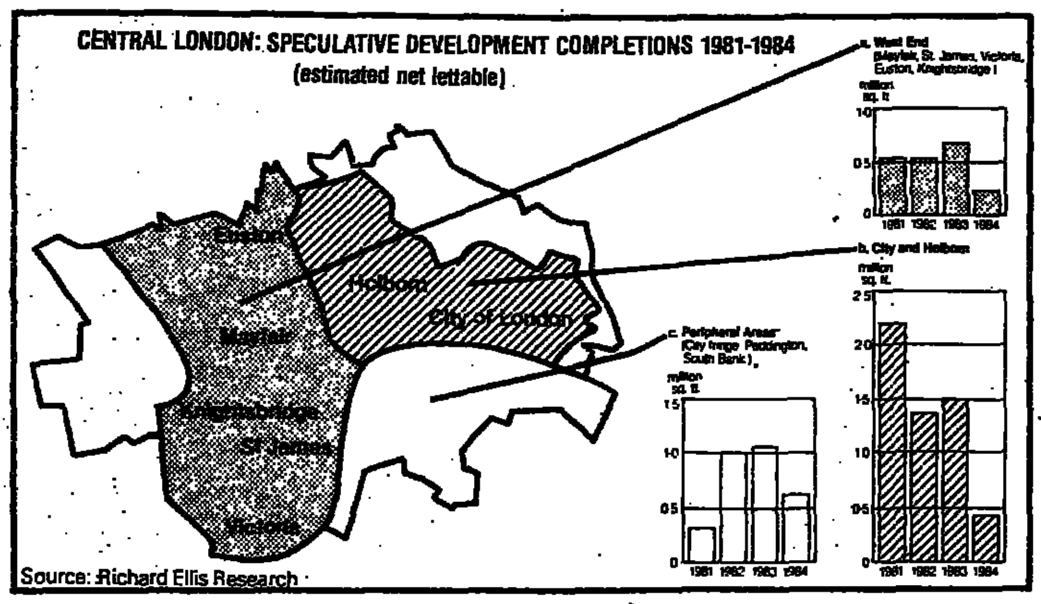
However, this really is projecting into the dark unknown and provincial cities have been caught out before—Bristol and Birmingham for example in the seventies faced problems of oversupply.

Today, the portents for Bristol are far more encouraging. Rents are around £5 and while there has been a lot of talk of the £6 mark being breached, the higher figure is yet to be firmly established. Nevertheless with some 150,000 sq ft let in the past year it is an active market and one of the few areas outside London believed to be ripe for further development.

In Birmingham, the office market is also holding up very well and there is a shortage of prime space in the city centre. Rents can be as high as £7 a square foot in the centre, though in rival Edgbaston prime space can still be found for £5. One of the largest developments under way is at Edgbaston where Bryant Properties has 150,000 sq ft.

For most part the provincial areas are not suffering from any real oversupply yet, though caution appears to be the byword. In London, while developers talk of caution, there seems precious little sign of any holding back, but of course as far as they can see demand will continue buoyant.

CENTRAL LONDON: SPECULATIVE DEVELOPMENT COMPLETIONS 1981-1984 (estimated net lettable)



Source: Richard Ellis Research

Provincial premises

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shortage of very good investments. There is a lot of money chasing whatever comes up, which is keeping yields down."

The continuing penetration of the institutions into the property investment market has taken place against a background in which property has generally managed to generate better long-term growth than the other leading investment options—equities and long-term Government stocks.

Assuming an average 10 per cent per annum rental growth, which is below the 12 per cent recorded by London offices over the last 20 years, the equated yields from office property have averaged between 13 per cent and 15 per cent since the early 1960s. Performances like these were very favourable in the early part of this period, with inflation low, gilts recording returns down to 6 per cent and the return on equities below 10 per cent, even taking into account dividend growth.

Higher

Inflation and high interest rates during the 1970s narrowed the gap between property yields and gilts and since the big increases in interest rates in 1973-74, the return on gilts has ranged around 12-14 per cent against equated office yields of up to 16 per cent. After allowing for a 2 per cent risk premium on property such returns are fairly comparable but nevertheless markedly higher than the continuing equated yields of 10 per cent on equities.

Property investment has not, however, declined in the face of a relative reduction in returns against gilts. The weight of demand which in some sectors heavily exceeds the supply of available investments, pushed down initial office yields from an average of over 6¼ per cent in the 1960s to less than 5½ per cent in the 1970s. Prime office yields now stand at about 4½ per cent.

Only the successive shortening of rent review periods—from 21 years or more at the beginning of the 1960s to the current five-year norm—has maintained real income returns from office investment in the face of the fall in initial yields.

Figures for the whole of 1980 are not yet available but in the first nine months of the year the insurance companies, pension funds and unit trusts put over £1.3bn into property and land, almost as much as had been invested in the whole of the previous 12 months. Throughout 1980 the office market generally was seen to be moving into equilibrium and the prospect of an eventual further improvement in demand from occupiers, with a resulting sharp rise in rental growth, has spurred on institutional interest in this particular sector.

A recent report on the investment market from agents Richard Ellis highlighted offices as the principal growth sector for 1981. They pointed out that in many provincial areas the increase in demand for space had been evidenced by a reduction in supply rather than in rental growth and it is in these centres that any further acceleration in demand is expected to be reflected in above-average rental growth. The leading provincial office locations, together with the City of London, would offer the most successful investments over the coming months, Ellis said in a fairly safe forecast.

The institutions remain as wedded as ever to the concept of investment in prime properties in prime locations and there has been, despite the shortage of opportunities, little weakening of their guidelines in this respect. It could be, however, that the continuing reduction in interest rates could produce an improved market in secondary properties, leading to a narrowing of the yield gap. Such an increase in values could, however, be significantly reduced if the level of secondary sales by central and local government, as well as industry, is maintained.

Catalyst

The institutions have more recently taken to providing the basic office stock as well as purchasing the end-result of someone else's endeavours. They have emerged as the principal catalyst in the development process and it is a trend which has met with widely differing reactions.

Some traditional property entrepreneurs view the growing dominance of the funds with some unease, not merely because they see their own role being usurped but also because they simply do not believe the attitudes and outlook inherent within the institutional framework are at all suited to the property development sector. Other property groups may well feel the same but believe that by merging their skills and experience with the institutions' cash resources, all parties can have a share of profits arising from the development process. For their part, many of the largest investing funds believe they have already accumulated sufficient expertise to remove the need for outside help.

But if the progress of the office development sector is going to be at least partially shaped by the large institutions, the extent of their responsibilities will inevitably grow and more will be expected of them than the ability to make sound investments.

It fell to Mr. Michael Heseltine, Secretary for the Environment, to remind the institutions of their obligations towards the property sector if they are to fulfil their role as patrons of the development industry.

Too many modern buildings, he said, characterised only too well an unimaginative, uncaring attitude towards design and quality and clients in both public and private sectors would have to tackle their responsibilities with much greater care and imagination. The patron, he charged, is too often simply a cautious committee which is blinkered by traditional attitudes.

The Minister was principally addressing himself to the subject of good design in new buildings, but his point can easily be extended to embrace other areas within which the funding institutions now have a direct influence.

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OFFICE PROPERTY IV

Competition is severe in a crowded market

REFURBISHMENT

LORNE BARLING

THE RECESSION in the construction industry and new attitudes towards the value of older buildings, have brought about the creation of numerous new divisions and subsidiaries of the major building companies to meet growing demand for refurbishing of office buildings, housing and industrial property.

In the past, this sector of the construction industry was regarded as too small for most of the larger concerns and was left to a number of specialist companies, mainly those operating in the London area, particularly the City.

However, this concentration of effort to win improvement of property contracts has created a very crowded market and some of the new entrants are finding the competition very severe, since prices have been pushed downwards very rapidly.

This aspect of refurbishment is now causing some concern among architects and chartered surveyors, who have consistently urged property owners to seek quality work rather than appoint contractors on price alone. But with many owners now seeking to maximise returns on property, lower-priced tenders are attractive.

Virtually all the major construction companies are now operating in the field, including Myton (part of Taylor Woodrow), Bovis, Costain, Cubitts (a Tarmac subsidiary), Laing, Mowlem, Wimpey and Wates. Few of these concerns see refurbishment as a major sector in the long term, but it is particularly useful at present to take up spare capacity.

Nevertheless, the longer-term prospects are good. Although a high proportion of the more suitable office buildings in the City have already been refurbished, there is still great potential in other parts of London and in the major provincial cities, although most are now severely depressed by the industrial downturn.

Many of the bigger companies have concentrated their efforts on the improvement and repair of council housing, an activity which has become more popular with hard-pressed local authorities which are seeking to make the best use of limited funds, but office refurbishing remains an attractive area.

Although demand for this kind of work in the large cities such as Birmingham and Manchester has slowed in the past few months as the requirement for office space has fallen off, it is expected to be one of the first sectors of construction activity to pick up again when conditions improve.

Wide scope

While the South-East is without doubt the most active centre of refurbishment activity at present, the scope in the regions is very wide, with the additional opportunities for improvement of more recent industrial property, which the national capabilities of the bigger construction companies are best suited to handle.

According to stockbrokers E. B. Savory, Milln and Company, who are construction industry specialists, property improvement work can be profitable to large concerns only if they can adapt their organisations to the different techniques involved.

Mr. Bob Erith, a partner in Savory Milln, said: "This requires a much more sophisticated approach than merely expanding a small works department. Contracts are normally smaller than for new building, while management skills required, though somewhat different, are just as demanding."

He points out that while it is impossible to judge the proportion of large companies' turnover in refurbishing, it is still generally below 5 per cent, but profitability on that work is often much higher than the rest. Much of their activity is in the housing market, which is seen as the major growth area.

According to Mr. Patrick Trollope, of the Trafalgar House subsidiary Trollope and Colls, there is increasing demand for refurbishment work on office property which has tenants in occupation, allowing owners to upgrade the areas where leases fall in without waiting for overall vacancy. However, this carries the penalty of additional cost when a whole building is improved in this way.

Although he believes that up to 30 major redeveloping jobs in the central London area are coming up in the near future, buildings suitable for refurbishment are becoming more difficult to find and more expensive to improve satisfactorily. There is even evidence, he suggests, that the cost difference between refurbishing and putting up new buildings is now narrowing considerably.

It is likely that the fall in inflation rate and lower minimum lending rates will encourage the go-ahead of a number of new office projects, but forecasts suggest that the upturn in construction activity is likely to come later this year and in 1982, leaving some time before a significant diversion of resources away from refurbishing occurs.

The important question then will be whether the major contractors still regard the refurbishing market as worthwhile, or whether they will withdraw to some extent and leave the ay clear for the smaller specialists, often local building contractors in the regions.

At present, however, it is clear that a large amount of the work in the City is being initiated by the larger institutions which have not suffered as severely from recession as other sectors of the economy, and in the regions there are only a few bright spots.

Estimate

Banks have been particularly active and Ashby and Horner, a medium-sized private company in the field, estimates that about half its work last year came from this source. It points out that while there is some delay in a number of projects at present, it does not see any long-term shortage of refurbishment work in the City, since new companies taking offices usually require a number of interior changes.

Although the company still has a fair order book, it has suffered to a limited extent from the declining market and has had to lay off some of its labour force, a move which it regrets since it is often difficult to replace experienced personnel.

Having built up a reputation or good quality workmanship, Ashby and Horner is concerned at the recent arrival in London of a number of concerns which it believes are quoting unrealistic prices for jobs, damaging the refurbishing industry as a whole when customers are dissatisfied.

The role of agents in refurbishing remains an important one, in that they are constantly on the look out for suitable buildings which lend themselves to improvement, so that developers or institutions can play their part in funding the creation of better office space.

But the conservative nature of most institutions means that only the best locations are accepted, unless there are special circumstances which mean that refurbishing is likely to provide a secure long-term investment. However, an upturn in rents eventually will make some of the fringe areas of the City more attractive.

There remains a fair amount of prestige renovation work in the London area, such as the Iranian Embassy reconstruction being carried out by Costain Renovations, the Tower Bridge project being undertaken by Cubitts, while the Covent Garden scheme has been successfully completed by Myton. But new restraints on public spending have slowed down much of the cleaning and repair work on important buildings.

Computer-aided designs offer big advantages

DESIGN TRENDS

COLIN AMERY

TO BOTH managers and architects, the planning of efficient and attractive office space presents a number of problems. It is the client who has to make the initial and often the most difficult decisions.

How much space is needed, how much furniture to buy, how much money can be spent—these are only some of the questions which have to be seen in human terms, as well. Staff may be complaining about over-crowding, general discomfort, the problems of noise or inadequate light.

There are problems, too, for the architect. The most important is the difficult process of extracting a brief from the client. This is the document that provides the parameters for the design. It has to be flexible enough to allow the client to adapt and grow within the space and it has at the same time to be sufficiently detailed for the architect to work out a practical design.

Within the architect's brief, all kinds of other elements have to be accommodated. He has to be as aware as his client about the specialised services that are available from all sorts of sources. Mechanical and service engineers have their own input to provide, as do the providers of the new office machinery, furniture and technological equipment.

Difficulties

A particular problem for the architect today is the need to provide large quantities of standardised space. This poses the technical problem of the preparation of large numbers of detailed working drawings, as well as the more subtle difficulty of transforming routine spaces into pleasant work areas.

It is the architect's task to provide a rational basis for the evaluation of all these different design criteria. In order to do this it is helpful to look at the current state of office design.

The recent office building boom has resulted in a much greater range of spaces than the more restricted one produced during the office boom of the 1950s.

In both the speculative and custom-built office market, the amounts of space vary from very deep and wide open floor-spaces to small bands of office space as narrow as 5 metres.

There are several attempts being made to open the whole office building up to every user. This does not mean just the old type of *bürolandschaft*, but a development where the circulation spaces of the building are used as a kind of "high street" providing recreation space, central filing, and a route that is a kind of social space for all the employees.

This method of planning can allow for more individual privacy without the isolationism of the cellular office.

The widespread use of the open-plan office for all kinds of clerical work has led to the development of a large range of office furniture "systems." these are ranges of furniture that combine the desk and the partition. They are a developing area and provide a particularly satisfactory environment for some of the newer office tasks, such as computer programming and project work, using word processors or video equipment.

The integration of services, such as electricity power supply, telephones, and air-conditioning into a flexible ductwork or even into floors, ceilings, and partitions is now very much the designers' area.

Air-conditioning and the need for energy-saving seem to be conflicting needs and often it is the designer who has to resolve this problem at an early stage in the design of the office space.

The cycle of usefulness of certain types of office buildings has led to a proliferation of "consultants," all ready and eager to offer advice on the management and utilisation of office buildings. Some of these consultancies offer useful ser-

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Government's aims facing public test

PLANNING

ANDREW TAYLOR

THE GOVERNMENT'S desire to create a more liberal climate for new development—by easing the burden of planning restrictions and reducing planning delays—will be put to the test at a series of important public inquiries taking place over the next few months.

Separate inquiries have been called to investigate at least three substantial office development schemes proposed for London's South Bank where, in some cases, redevelopment has been delayed for more than a decade because of repeated failures to agree schemes with local planners.

It was to prevent such costly delays re-occurring that Mr. Michael Heseltine, Environment Secretary, has, over the past 18 months, introduced a series of new measures designed to speed the planning process and remove development from some of the more onerous bureaucratic controls.

No Minister has perhaps done more — on paper at least — than Mr. Heseltine to implement the Government's election pledges. The Community Land Act has been scrapped, development land tax reduced, new planning frameworks established and host of other measures introduced: all designed to make the life less difficult for the developer.

Questioning

Developers, however, are questioning whether the Government's measures — welcome though these are—really mean that they may now be allowed to build on sites where they previously had no access. Hence, the importance of the public inquiries now due to take place in connection with several South Bank schemes.

Ultimately, it will be Mr. Heseltine's own department — although this will be expected to take account of recommendations made by public inquiry inspectors — which will decide whether these developments are to be permitted to go ahead. Decisions taken over the next few months will therefore be closely watched.

South Bank schemes so far called in by the Secretary of State for public inquiries include:

- The massive Hay's Wharf development—to provide 2m sq ft gross of new office space between London Bridge and Tower Bridge.
- Plans by Greycoat Commercial Estates for a major office, shopping, residential and leisure development at Coin Street which would provide between 884,000 and 995,000 sq ft of offices.
- An office development on the Effra site (at the south-west end of Vauxhall Bridge), proposed by Arunbridge, the property group, operated by Mr. Ronald Lyons, is due to go to a public inquiry today.

A fourth South Bank scheme proposed by European Ferries for a 240,000 sq ft office development on the so-called "green giant" site at the south-east corner of Vauxhall Bridge, is also expected to be called in for a public inquiry.

It is perhaps a little unfair to concentrate to such a degree on the implications of the South Bank inquiries for the planning climate, but the controversial nature of some of these sites and the intense interest that Mr. Heseltine has shown in the redevelopment of this part of London, justifies the importance that some developers attach to not just the forthcoming planning decisions, but also the speed at which they are reached.

Mr. Heseltine has already been criticised by at least one south bank action group for what it regards as the excessive speed with which planning inquiries are now being arranged. It has said that not enough time is being allowed between the calling-in of a planning application and the start of an inquiry, since the group cannot adequately prepare a case against a particular development.

But the Secretary of State is absolutely determined to speed the planning process. He has even introduced a new series of checks to measure his own department's performance in the time it takes to reach a final planning decision.

These statistical checks show that in the past two years the time taken between a scheme being called in for a public inquiry has been reduced from 28 weeks to 22 weeks. The department has also been seeking to clear a backlog of planning decisions, some of which have been delayed for many years.

In one case an office development scheme proposed by the property group Town and City in Reading was given the go-ahead as late as seven years after the company had acquired the site—during which time the group had been paying a six-figure ground rent. Developers are no doubt hoping that Mr. Heseltine will take a similar view of other development schemes which have been held up by planners.

Other measures include the abolition of the need for office development permits. The Government has also announced the establishment of land registers in 21 areas of England, listing all public sector land which is so far unused and forcing the sale of this land, where necessary, to the private sector.

At the same time the Government has announced its plan for the formation of new-style enterprise zones. Planning restrictions in these areas will be kept to an absolute minimum. Other advantages will include the abolition of development land tax in the zones, while tenants will not have to pay local authority rates.

Perhaps one of the most important of the new measures introduced by Mr. Heseltine has been the abolition of the Community Land Act. This piece of legislation was designed to enable local authorities to take a more active role in planning and development and to provide them with wide powers to acquire building land.

Potential threat

The introduction of the Community Land Act in 1975 coincided with a major squeeze on local authority spending and therefore powers to acquire land were never widely triggered. However, the Act was seen as a serious potential threat to the future of the private construction industry.

The Government has also reduced the scope of planning restrictions, but many of these changes in legislation and the guidelines for development control affect smaller schemes and have little relevance for large office projects. Nevertheless, in terms of new legislation, the Government has gone a long way to meeting its election pledges on planning.

What is more difficult to change is attitudes. Many developers, with schemes now proposed for London's South Bank, are seriously concerned about what attitude planners will take should Labour win the Greater London Council elections taking place this year.

The Labour group has already warned that it will not be prepared to accept wide-scale major office developments in many parts of central London. Mr. Heseltine may be able to change legislation but it is much more difficult to alter entrenched local authority attitudes.

Some developers are also concerned about Mr. Heseltine's own attitude towards office development, particularly in relation to the recent spate of listings of buildings in London for their architectural merit. Developers have in some cases been concerned about the merit of these decisions, partly because they doubt the real architectural merit and partly because they believe that the buildings have little real use in their present form, only redevelopment potential.

The sudden rise in the number of listed buildings follows Trafalgar House's controversial decision to pull down the front of the Firestone factory in West London just before the building was due to be officially listed.

Some developers believe that there is a strong political element in the Government's subsequent decision hurriedly to list a number of other buildings following the Firestone controversy.

It is therefore against this background that the present series of public inquiries are taking place on the South Bank and which are being closely watched by developers, local authorities, resident associations, preservationists and environmentalists to see if they provide a clearer indication of the Government's own attitude to major office developments—not only on the South Bank but also in central London and elsewhere in the country.

Computer-aided designs

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vices, but often it is advisable to consult an architect with office design experience who has no particular concessions to promote.

Two recent developments in the office world are worth examining here. The first is the growth of the office furniture system.

Facilities

A recent survey *Comfort and Productivity in the office of the '80s*, completed by Louis Harris and Associates, interviewed 1,000 office workers and 200 executives and revealed that 80 per cent of office workers felt that their job performance had deteriorated through inadequate office facilities.

The need for more comfortable office furniture has produced a market for a total design concept which has developed as system furniture. Three large manufacturers, Herman Miller, Steelcase Strafor (UK), and Westinghouse, all produce particularly efficient and good looking systems.

Architects Duffy, Eley, Giffone, Worthington, who are specialists in office design, recently carried out the complete fitting out of 2,400 sq m of office floorspace for an insurance company (Factory Mutual International) using ranges of office system furniture from Steelcase Strafor.

This relocation in London necessitated a complex analysis of needs by the architects and a tightly scheduled programme of work from the briefing up to the actual move into the new offices when the designers were on hand to resolve any problems.

The furniture included the very advanced Steelcase Strafor Series 9000, which consists of well-designed panels, storage facilities, desks and work surfaces.

The distinct advantage of this range is its ability to assist the architect or office planner to incorporate the latest office technology. This is achieved by the inclusion in the system of a capability to route power through the base of the panels allowing for socket outlets at floor level or on the work surface.

Lighting, too, is integrated into the design of the furniture. The design of the furniture is far removed from the usual image of steel office furniture.

The slight curve to the edges of the furniture and the use of attractively-coloured laminates makes for an agreeable appearance, as well as comfort.

Much of the architects' work appears to be done by the provision of integrated ranges of furniture that define the actual workspaces.

However, it is still the architect or office space-planner that has the ability to make choices between the well publicised ranges of office equipment.

Handbook

In the London Insurance offices that architects Duffy, Eley, Giffone, Worthington designed, the staff were provided with a handbook that informed all levels of staff of the "constraints and opportunities" of the new layout. The architects have a continuing role to play until the client is completely satisfied.

One great improvement in the design services offered by architects is the facility to produce varieties of office layouts by means of computer aided design. A London-based company, CCD Computer Drafting, working under the umbrella of the Hulme Chadwick and Partners architectural practice, can provide a facility for the plotting by computer of a range of office furniture onto an architect's plan.

The system employed is the Calcomp IGS 500 interactive graphics system, which allows drawings to be composed on a television screen and the information to be stored on a magnetic disc memory.

The advantages for office designers are enormous. Details of entire ranges of office equipment can be stored by the computer and layouts can be detailed by the drawing machinery in minutes, rather than hours. With the time-consuming drafting work almost removed by this service (which can be hired as a bureau service), architects and designers are freed to spend more time on the needs of the client at the all important briefing stage.

NEW TOWN DISPOSALS PROGRAMME

Further targets being prepared

THE GOVERNMENT is expected to announce shortly the next stage of its programme of asset-disposals for the New Towns.

The New Towns have been working to a two-year target of £320m of realisations in the period which ends this month and their achievements are now being prepared for Ministers.

Until these results have been seen by the Government and probably discussed with Treasury officials, the extent to which the New Towns have hit the targets set are not certain but apparently there are grounds for believing that, with the exception of some important elements, the authorities can be encouraged by the results so far.

The exceptions, not unnaturally, relate to the slow progress of industrial tenants of New Town corporations in taking up property on offer.

But, unless the Government undertakes a major change of direction, it is very likely that the next stage of the disposal programme will be announced in the near future, which will include the new targets the New Towns will be expected to reach.

Those giving advice to the towns on disposal and those processing monthly returns for the Ministry of the Environment are stressing the continued need for an orderly approach. The concern is that these remaining assets should not be sold at a discount to their full potential value and it now seems that the residual disposals will be spread over another three years.

That, in theory, will allow prospective buyers time to see the benefits of the next upturn in the business cycle. It will also give each authority sufficient scope to bring projects to fruition and to reflect the full reversionary value of a property in cases where rent reviews are anticipated in the next year or two.

The seven "early" New Towns as they are called—Hemel Hempstead, Hatfield, Crawley, Welwyn Garden City, Corby, Harlow and Stevenage, have been instructed to wind up their development corporations, which were established to carry out the assets disposals, and their functions have been transferred to the New Towns Commission. The remaining 14 New Towns are still running the programme almost autonomously through the original development corporations, although they do cede some financial control.

The Government's controversial accommodation programme for public sector employees — which now favours rental as opposed to outright purchase—has not had any clear impact on the office property market. And many of the major plans to de-centralise major Government departments such as the Home Office or the Ministry of Agriculture and Fisheries, or substantial parts of these Ministries, appears to have been abandoned or postponed for reasons of cost or taken up in a minor fashion.

Grandiose

Clearly, local authorities have been shelving what one estate agent refers to as their "grandiose schemes" for own occupation, and their immediate response to new accommodation requirements is to rent suitable premises.

The Government, anyway, has been criticised quite sharply for the policies which it has adopted for the provision of office accommodation. The report by the Public Accounts Committee published last November recognised the problems of matching public spending constraints with the need to obtain value for money, but concluded that it saw "little evidence of success in tackling these problems."

The criticisms pinpointed the problems of the Effra site in Vauxhall, South London, in which long delays and high design and interest costs meant that there was a substantial shortfall on disposal proceeds.

But even where central or local government can no longer be relied on as a potential purchaser of prime accommodation, estate agents insist that the office property market, especially in the South and South-East, has not been materially affected.

RAY MAUGHAM

Cautious response to demand

MIXED OFFICE AND INDUSTRIAL PREMISES

LORNE BARLING

THE CHANGING pattern of industry, with growing emphasis on electronics and computer-based operations, is increasing the demand in many parts of the country for suitable industrial premises with a high proportion of office space, but the response from institutions and developers has so far been cautious.

Industrial developments have traditionally included a small percentage of office space, usually in the 5 to 10 per cent range, for on-the-spot administrative work, while head offices elsewhere provided the necessary space for group white collar staff.

But the increasing number of the small- to medium-sized electronics companies in the UK—often subsidiaries of American or Japanese concerns—has created a new requirement, based largely on the experience gained in the U.S. with campus-type developments.

These companies require not only a high proportion of space for conventional office use, but "industrial" space which is, in many ways, more akin to offices than conventional factories. Few of them need headroom for more than 14 ft, while working conditions within this space is often required to be of a high standard in terms of lighting, heating and ventilating.

However, the response of funding institutions and planning authorities to this change of demand has been extremely cautious and many adhere to the view that any development of an industrial nature with more than 10 per cent of office space falls into the category of a special project with reduced potential for re-letting.

While this is true to some extent, particularly in locations which are not favoured by electronics companies, it has resulted in a considerable shortage of this type of property and many concerns have had to go for green field sites to build what they want themselves.

Improve

Much of the demand for office-industrial property has arisen in the area to the West of London, extending through Swindon to Bristol; some developers, such as Slough Estates, are now well aware of the potential in this sector of the market, particularly for property which is well-located for Heathrow Airport and attractively landscaped.

Slough Estates is now involved in a number of projects in which 20 per cent or more is office space, and points out that rental returns improve in relation to the higher proportion of offices. The company recently developed a site on the Slough trading estate which includes a number of 3,000 and 4,000 sq ft buildings of which about half is office space.

It is clear that the trend is by no means universal, and that the conditions which have generated so much of this building in the U.S. are not always present in the U.K. For example, office workers in Britain are apparently not prepared to accept the low level of natural light acceptable in the U.S.

This tolerance in the U.S. is attributed to the high standard of "air handling" through heating and ventilating systems, which, in Britain, would be prohibitively expensive, so office buildings of this type in the UK tend to be of less depth to allow more light, and therefore differ from styles adopted in the U.S.

Similarly, a number of American projects have been constructed with allowances for expansion, a luxury which can seldom be achieved in Britain due to the high cost of holding land which is unused.

A useful compromise which some developers have gone for is the option of a mezzanine floor in a conventional industrial building to convert it into office space, although this requires a higher standard of cladding than normal.

In effect, much of the so-called industrial space required by high technology companies is now very similar to offices, since a high standard of accommodation is required by technicians who may be dealing with highly sophisticated equipment.

Agents Fletcher King said that it was faced with a large number of inquiries for this type of building, and had recently met a requirement for 100,000 sq ft. This is a building on the Winnersh Triangle, Reading, a property developed by Legal and General and Wimpey, which the U.S. electronics company Hewlett-Packard has taken at a rental understood to be £3.50 a sq ft. It is being used as a technical support centre where electronic and computerised systems can be tested under clean conditions, and for training of technical and maintenance staff. The latter will take place under office conditions.

The company said that its requirements were somewhat unusual in that the heaviest equipment used in the industrial area was "a soldering iron"—and that there was no requirement for overhead crane facilities or high head-room.

Local authorities in fast-developing centres, such as Bristol and Swindon have, however, taken a realistic approach to planning applications relating to mixed office-industrial developments, since they recognise that they are important to help attract new industry.

One of the most enterprising projects in this respect is the Aztec West development, near Bristol, where 200 acres has been designated for the construction of 1.5m sq ft of industrial space and 500,000 sq ft of office space. Road and landscaping work on the first 160,000 sq ft phase has now started and completion is expected next year.

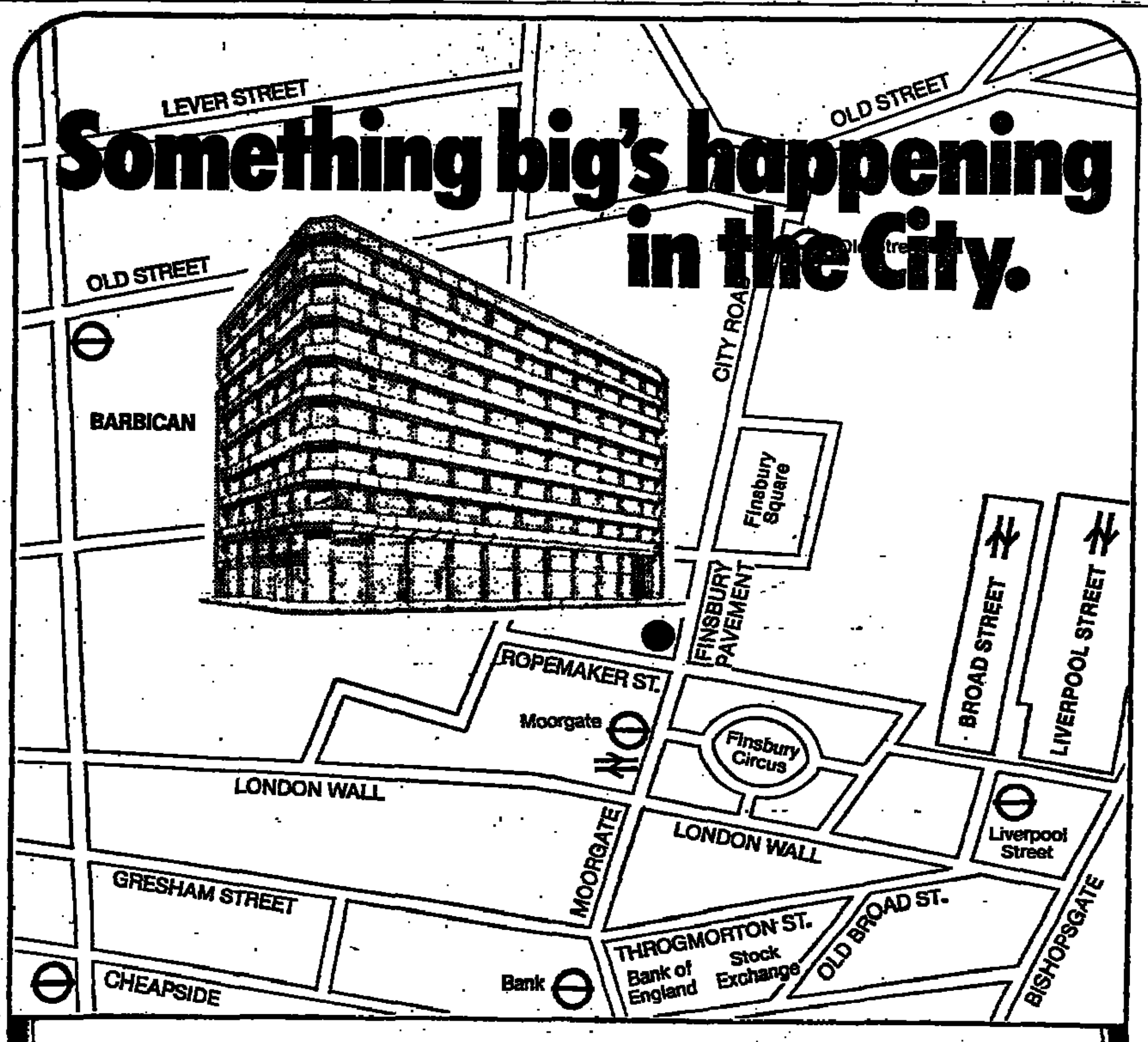
This is being funded by the Electricity Supply Employees' Pension Fund and is aimed specifically at high technology companies, with a low ratio of buildings to land and the inclusion of shopping and community centres, along the lines of American campus-type developments.

Agents Lalonde Brothers and Parham of Bristol said it believed there was considerable scope for projects of this kind in the area, which has won a high proportion of new electronics investment, although recently failed to attract the Inmos manufacturing plant, which went to Wales.

Aztec West (designed to be the A to Z of technology in the west) is aimed at providing flexible accommodation, adaptable to the needs of companies, in attractive surroundings.

At Swindon, the "industrial park" concept has been applied on its Dorcan Estate, which has attracted companies with relatively unobtrusive activities, such as various distribution centres, and, more recently, the House of Fraser Computer Centre. Two other areas, Great Western Way and Westmead, are being developed along the same lines.

Overall, it appears that the risk element in this kind of development is receding rapidly in the more popular areas and, as the economy eventually improves after the recession, demand should increase considerably. However, in the less-favoured regions there is likely to be more emphasis on flexibility within more conventional industrial buildings.



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Britain's most prestigious market remains resilient...

CITY OF LONDON

ANDREW TAYLOR

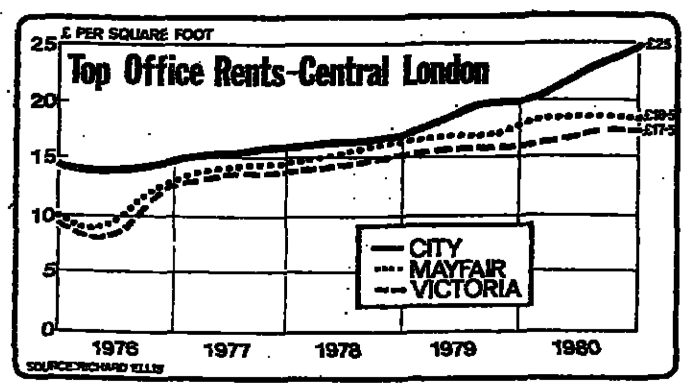
THE CITY of London like a well prepared athlete, has been able to call upon its reserves of stamina as the going has become tougher. Office rents in the City may not be sprinting, but neither are they seriously flagging. And at this stage of what has become a gruelling economic cross-country run for most of British industry and commerce, it is resilience and stamina that counts.

It was these qualities of market stamina and commercial resilience that the City most sorely lacked during the property crash which followed the 1973 oil crisis. At one stage during the mid-1970s up to 10 per cent of all City office accommodation was lying empty and rents subsequently tumbled by as much as 50 per cent.

The roots of the property crash can be found not just in the sharp economic recession which followed the quadrupling of oil prices in 1973 but also in the major building boom of the late 1960s and early 1970s which brought a vast number of new office developments on stream just as tenant demand turned down. No such disasters are likely to overtake the market this time round.

So far the City office market has responded surprisingly well to the rigours of one of the deepest economic recessions this country has endured for more than 40 years. Rental growth may have slowed considerably but the underlying strength of Britain's most prestigious and expensive office markets is unimpaired.

Demand for top quality investment properties and development sites remains strong and yields on prime office investments show no sign of weakening from their present level of around 4½ per cent despite the increased level of new building now taking place in the City, and the pressure on tenant demand, as a result of the recession.



Investment yields and capital values are being underpinned by the longer term prospects of renewed office shortages within the Square Mile — expected to rise as the economy improves and the pace of new development activity slows in the mid-1980s.

Confidence in the City office investment market appears soundly based, even though in the immediate future supply of office accommodation in some areas of central London seems likely to outstrip demand as new developments are completed and with economic recovery expected to be only very sluggish initially.

Prospects

In the first place any oversupply is likely to be relatively limited by comparison with the substantial office surpluses created in the City in the mid-1970s. Moreover, although economic recovery may be slow initially it is the financial markets and service industries — heavy takers of City space — which will feel the first benefits of any upturn.

Many property analysts believe that by 1983 City rents will once more be rising sharply as new accommodation is taken up and significant shortages of City office space again start to emerge—with few major developments planned to start beyond 1982.

For the moment, however, the outlook for rental growth for the next 12 months, looks relatively dull. In 1980 top City rents increased by around 10 per cent compared with a 15 per cent increase in the retail price index over the same period. City rents may also be expected to lag behind inflation in 1981.

Certainly parts of the market have become more difficult of late. In some cases asking rents have been reduced and lettings are taking longer to achieve, with tenants in a stronger negotiating position than for some time. A number of institutions and developers have recently been marketing new developments up to 12 months before buildings are due to be completed.

The advantage of a prelet in this situation is that it brings first rent reviews forward by as much as a year earlier than otherwise might have been the case—by which time, if the market is right, City rents will again be rising sharply.

Richard Ellis in its recent review of the City property market said that: "This early marketing pattern is particularly noticeable when demand for space begins to ease at the onset of recession." Other agents also concede that demand for some City properties, although strong, is not quite what it was 12 months ago and there has been little movement in top City rents generally since the first quarter of 1980.

Other schemes which have been marketed well ahead of completion dates includes Granada Properties' 70,000 sq ft development at 26, Finsbury Square due to be finished in October this year; while a prelet is also being sought at Woolworth Pension Fund's 40,000 sq ft development at Cross Key Court, Cheapside.

Both lettings are being handled by Jones Lang Wootton which says that the Woolworth scheme is now under offer and has been withdrawn from the market. It is understood that an overseas bank has taken the space at Cross Key Court but details of rental levels have not been revealed.

Over the past year there has been substantial demand for City banking premises—particularly from overseas banks—and Chris Peacock of Jones Lang Wootton believes that rental growth for prestige space in the main banking area around Threadneedle Street "has been inhibited because of the lack of suitable premises rather than by lack of demand."

Certainly, although there is a substantial amount of new development—by comparison with the past few years—now taking place on the City peripheries, the same cannot be said of the City's "inner core," the main banking and insurance area around the Bank of England and Lloyd's of London. It is in this area that tenant demand is strongest and where the greatest potential for rent increases lies, provided the right buildings become available.

Last year more foreign banks opened in premises in London than ever before, according to a survey recently completed by Noel Alexander Associates, sister company to property and banking consultants Noel Alexander and Partners. The survey showed that by the end of last year there were no fewer than 383 foreign banks with premises in central London. This compares with just 158 foreign banks operating in London in 1970.

Expansion

British banks have also been recent major takers of space in central London as their international divisions have expanded. Development and deals negotiated in recent years include the National Westminster Tower, a major refurbishment by Barclays Bank International in Gracechurch Street and acquisitions by Midland Bank in Cannon Street and Fenchurch Street.

Where they have not been able to find space within the prestige "inner core" market the banks have been prepared to look elsewhere on the City peripheries and this trend is likely to continue during the next 18 months.

Commercial agents operating within the City may argue over whether the current level of new development on the City fringes will create a temporary surplus of accommodation but clearly the balance between office supply and demand is more in accord than for some time and this is bound to have an influence on rental levels. Longer term there is a real prospect that rents may move up sharply in the mid-1980s.

...but elsewhere the outlook is less optimistic

THE MIDLANDS

LORNE BARLING

THE OFFICE property market in Birmingham and the West Midlands is now suffering directly from the impact of recession on manufacturing industry, with a considerable number of major companies vacating space, particularly in the Edgbaston area.

In the past six months, demand for offices has declined rapidly, and the stock of available space has begun to grow again after a period of steady demand during the late 1970s. Few agents expect any significant improvement in the position this year.

However, there is a clear distinction between demand for space by industrial companies and by the financial and insurance sector, with the latter remaining comparatively strong, mostly in the central Birmingham area. The continuing arrival of foreign and merchant banks has contributed to this trend.

It is, nevertheless, much easier to find prime space in the area now than it was six months ago, and rents are in the region of £5 a sq ft, well down on the more optimistic level of £6 to £7 a sq ft which were previously being sought.

Office development in the Midlands generally has slowed rapidly as a result of weakening demand, but those now under construction in the prime areas must be let at around £7 a sq ft to justify construction costs. Those which become available in the near future could therefore be difficult to let.

One of the biggest recent lettings was 60,000 sq ft in Church Street to Peat Marwick and Mitchell, which was believed to be around the £5 a sq ft mark, but there is considerable concern that Birmingham is not attracting its share of office relocation, with a high proportion going to locations west of London, as far as Bristol.

Edgbaston, until recently a highly popular area for offices, has suffered badly in the past few months, with Tube Investments vacating space at Broadway, Duport moving out of 15,000 sq ft in the Hagley Road and Delta Metal vacating 11,000 sq ft at Five Ways. A further 45,000 sq ft has come on to the market at Wates House and Auchinlech House, due to a move by Government departments.

Many of these moves are seen as a direct result of the severity of industrial problems in the Midlands, and no improvement in demand is foreseen until at least six months after some signs of an upturn in the industrial property sector, which is similarly depressed.

Plans changed

According to agents Chesshire, Gibson, office development is now being curtailed by the poor conditions, and even some refurbishment projects such as the council's Newhall Street building are not attracting the interest they would have done last year.

Two large developments which are going ahead, however, are the 80,000 sq ft Norwich Union building in Great Charles Street, due for completion in about three years, and Ulster Properties' Berwick House, which will be finished next year and provide 59,000 sq ft.

In the outlying areas of Birmingham and in Coventry large amounts of office space are becoming vacant, and asking prices have fallen substantially in some areas, again due to the problems of the engineering and motor industries.

It therefore appears that the office property sector in the Midlands can now expect a difficult period and—with the exception of the prime inner-city locations—this could be prolonged, unless industrial recovery is quicker than expected.

OFFICE PROPERTY VIII

New developments in a sensitive market

THE WEST END

WILLIAM COCHRANE

SOME 9m square feet of office space was destroyed in the Blitz. Both the City and the West End of London were prime wartime targets, but the former suffered from its own concentration. Simon Jenkins's *Landlords to London* notes: "Approximately one-third of the City itself was completely flattened, most of it in the winter of 1940 and the spring of 1941.

Until then, says Mr. David Larkin of Jones Lang Wootton "the West End was a relatively small market" for office space. But the war brought former residential property into the use of Government and the military authorities — as well as commerce, as part of it tended to move from east to west.

Change of ownership was anothter feature as rising entrepreneurs, such as Harold Samuel, Joe Levy, and Charles Clore took a view on some messy holes in the ground.

The post-war period brought an increase in the presence of central government. Other trends included a consumer boom, allowing commercial appreciation of the architectural and environmental qualities (and smart addresses) of Mayfair and St. James's. Political policies also encouraged massive redevelopment, in what Simon Jenkins unenthusiastically describes as the "golden decade" between the mid-1950s and mid-1960s.

The political carousel spun off Mr. George Brown's office development permits in 1964. There followed a quiet period for development; spiralling rents, Common Market ambitions and pressure for space, leading to a virtual abandonment of ODPs in the City and Central Westminster in 1970; and the prospect of a new major office boom, emerging in 1970-1972, halted by the onset of recession in late 1973.

There have been some incredible acrobatics along the way, particularly when office rents in central London slumped in the mid-1970s. But the role of development has been limited in physical terms. Between 1967-79, according to Debenham Tewson and Chinnocks, commercial office floorspace was increased by an annual rate of just 2 per cent compound in the City of Westminster, while central government was even more modest with an 0.8 per cent increase.

Mr. John Orton, research partner of Richard Ellis, sees no signs of a new development boom now — or in the near future. He estimates that the stock of offices in Central London, outside the City area, was approximately 100m sq ft of net lettable area in mid-1979. Estimated development completions for the four years 1981-84 add up to 7.1 msq ft. Mr. Orton also notes that, in the City, only 200,000 sq ft of each 1m of development space taken up would be increasing in total occupancy; so, the imlications for the supply side of the property equation are not worrying the property analysts.

The truth is that both supply and demand in the West End are forces operating on a highly sensitive margin in a subjective and fragmented office market. Analysts are drawing a distinction between what is prime — perhaps 30 per cent of the total, modern, air conditioned and attractive to new users — and what is not. On the one hand, there are indications of a willingness to pay higher rents: for example, Norfolk House, St. James (refurbished property in perhaps the prime area), establishing a £20 rent when £18.50 was earlier regarded as the top rent. And, on the other hand, there is talk of "a forest of boards" in some streets in Mayfair, characterised by its traditionally small buildings (basement, ground and three or four upper floors) in the 3,000 to 10,000 sq ft area.

What we are looking at is a two-tier market. The incomers — oil and oil-related internationals, high technology companies and other multinationals, attracted to London as a base for expansion into Europe and into the Middle East—have their rules of choice: prime location, certainly; then air-conditioning, if possible; and the facility for making divisions: a distinct advantage. Landlords may prefer to rent to one tenant; tenants, in turn, may want control of amenities and security but not, initially, all of the space—IBM's sublet to Conoco in Wigmore Street being seen as a case in point.

In this class, prospective tenants may not have been receiving all the offers they could take. Victoria is noted for large units in the 50,000 to 100,000 sq ft range, Rita Cooper, who analyses London, SW1, for Richard Ellis, reckons that prime buildings were not really available last year; and that excess supply in the market (250,000 sq ft at the year-end), and a moderate growth in rents of 9 per cent between fourth quarter, 1979, and fourth quarter, 1980, has to be seen in this context.

It is in rents, of course, that the two-tier argument is really being propounded and tested. A number of analysts are arguing that we are now seeing a narrowing of the differential between the City and the West End. This has been argued before in the past decade, more when City rents were going down than when their counterparts, to the west, were rising.

However, it is interesting in this context that Richard Ellis recently produced Central London estimates showing speculative completions rising from 715,000 last year to 2.1m sq ft of net lettable space in the City, with the rest of Central London declining from 1.43m to 950,000.

Talking point

This may give the differential argument some force as a short-term talking point; short-term, in that City completions are scheduled to decline in 1982-83 *and the West End's to rise, and* a talking point in that rental growth in both areas, over the medium-term, is expected to rise faster than the rate of inflation.

What the West End is waiting on is to see the outcome of such events as the Corob building in Grosvenor Street, 28,000 sq ft, quoted at £23.58; the Iranian Government, for some movement in Abbey/NIOC House in Victoria Street; and Trust House Forte to see how the Criterion scheme in Jermyn Street, Piccadilly, is coming along.

Further ahead, there is the City of Westminster's plan for converted offices to revert back to residential occupation from 1990. There is a certain amount of forelock-tugging among the agents about this—"a cloud hanging over Mayfair," says one; "they're pretty determined, all the evidence is that they will go through with the plan," says another. Both of them, and a few others, think privately that Westminster may have its difficulties.

Ignoring the political and commercial pressures that might be brought to bear, there is an extreme example in economic terms: Bridgewater House, of which Weatherall Green and Smith recently sold the long leasehold for Tube Investments and the freehold for Legal and General; with a Grade One listing (meaning that it could not be altered), 95,000 of gross and 28,566 of net office space, it had obvious limitations as a residential prospect.

Finally, balancing the potential "demand" from Westminster, there is the prospect of supply from the fringe, particularly the South Bank of the Thames—"marketable if it doesn't all happen at once," says David Larkin, "and it's going to happen . . . over 10 to 15 years."

Piccadilly, the hub of London's West End

Significant events during the last 13 months

MAIN EVENTS in the West End property sector during 1980-81, include the following:

February, 1980: Plans submitted to Westminster Council by British Rail and Greycoat for the redevelopment of Victoria Station; the plans envisage a £50m complex incorporating approximately 220,000 sq ft of office space.

The same month, Machurst completes 72,000 sq ft refurbishment for UKPI at Leconfield House, Curzon Street; mooted rental £1.4m p.a., indicating nearly £19.50 per sq ft; in July, let in sections to Distillers, Cadbury Schweppes and Tenneco Europe at £17 to £18 per sq ft.

Also in February, the "Pru" buys the former CBI building in Tothill Street for a reported £4m, plus minimum annual rent of £150,000: major scheme to produce over 60,000 sq ft.

March: The Metropolitan Police take 217,000 sq ft of Crown Commissioners' Millbank development above Pimlico underground station.

April: British Gas takes Rivermill House, Vauxhall Bridge at rentals reported initially at £12.50 per sq ft and, subsequently, at £14.

May: BNOC take 34,200 sq ft in Reed House, Piccadilly, refurbished and let at a reported figure of £16 per sq ft.

July: IBM agree to sublet 27,500 sq ft of the top three floors of 103, Wigmore Street to Conoco, at £17.50 per sq ft.

August: Proposed Iranian Embassy move into Abbey/NIOC House, Victoria Street, initially designed for National Iranian Oil Company.

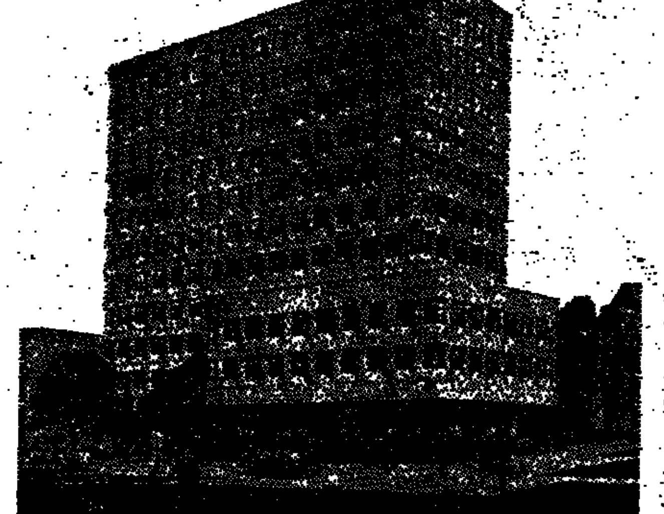
November: Iranian move blocked.

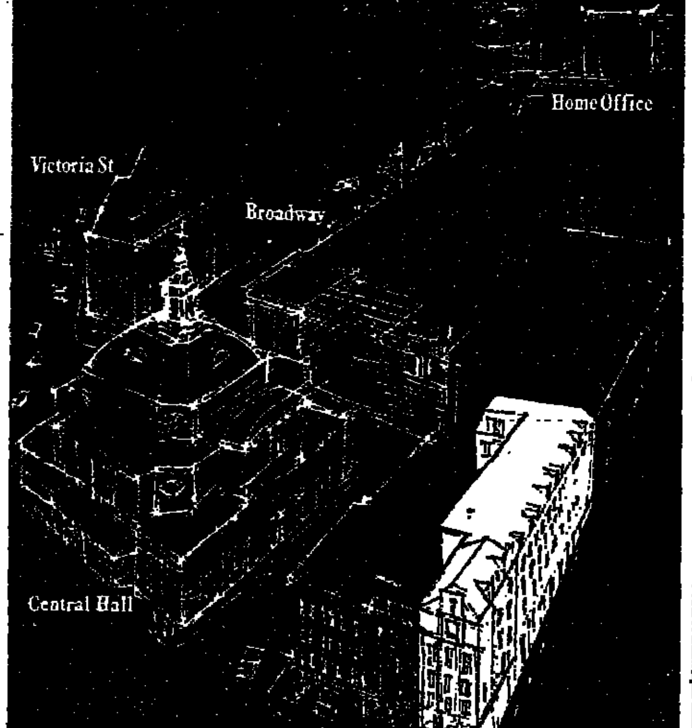
November: Norfolk House, St. James's Square, 110,000 sq ft UKPI refurbishment; 72,500 sq ft subsequently let to Finnish organisation at £20 per sq ft. Also in November: Calder House, Piccadilly, 9,559 sq ft reconstruction behind original facade on market in excess of £23 per sq ft.

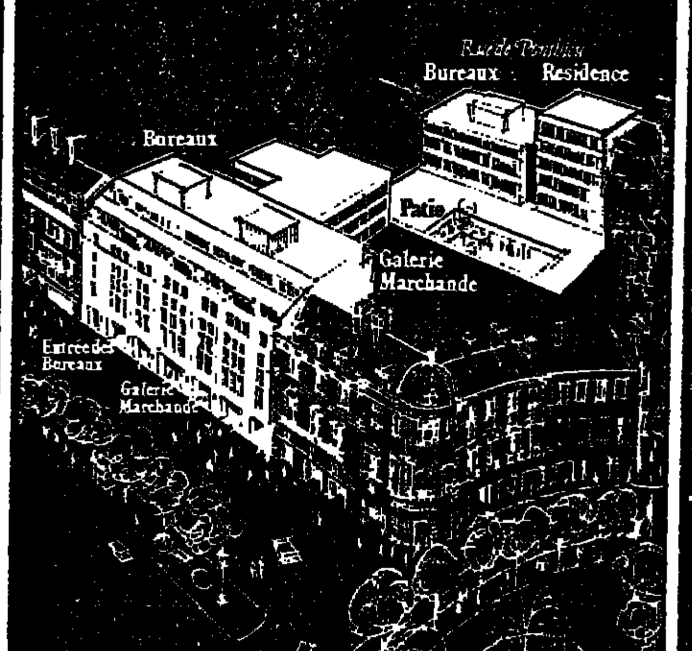
January, 1981: Rent of £22 per sq ft obtained for the former Bankers' Trust building, adjoining the American Embassy in Grosvenor Square.

February, 1981: Bridgewater House, St. James's, former Tube Investments' London headquarters building, sold for reported £10m; on the basis of 28,566 sq ft of net office space, this indicates £18 per sq ft rental on just under 5 per cent yield basis.

Source: Weatherall, Green and Smith.







Armed truce in the Tory Party

AS President Sadat once said of the Middle East, the present state of the Tory Party is one of "neither peace, nor war."

Mr. Michael Foot and senior Conservatives are at one in believing that there is almost no chance of Mrs. Thatcher being deposed this side of a general election. The mechanics for her removal simply do not exist in any credible form.

What is interesting, however, is that the idea should have been entertained even by senior Tory figures who used to be above such speculation. The Prime Minister's position is distinctly shaky.

Over the next few months the Tories have nothing to look forward to. All the political running is likely to be made by the Social Democrats. The new party will be formally launched next week, and already the Gallup Poll in yesterday's Daily Telegraph gives it 31 per cent of the votes plus a further 13.5 per cent for the Liberals. The Tory and Labour standing in the same poll is 25.5 per cent and 28 per cent respectively.

The Conservatives will do badly in the local elections in May. There will be further bad news on the employment and probably industrial fronts. Yesterday's announcement of the need to rescue International Computers Limited does not bode well. Meanwhile, the feuding between various members of the Cabinet goes on.

The position here is that even the most experienced politicians have now reached the conclusion that unless there is a reconciliation soon, something will have to give. In other words, there will be either sackings or resignations.

Some grounds for reconciliation do exist. They do not necessarily involve any great change in policy, but they would certainly involve a change in presentation. Mrs. Thatcher would have to alter her whole style of government. She would have to take the Cabinet seriously and enter into discussions with its more left-wing members.

Agreement on policy might be reached by deciding to present existing policies in a different light. For example, instead of Mr. Patrick Jenkin, the Secretary for Social Services, talking about increased expenditure on the health service almost as if it were something to be ashamed of, he would say that even in these difficult times a Tory Government had continued to give priority to the old and the sick.

There would be a similar switch in attitudes towards public sector investment. The Government would cease to apologise for having given large sums of money to the National Coal Board, British Steel and British Leyland, and argue instead that investment in British industry was still going ahead, with the public sector taking the lead. The dry language of external financing limits would be relegated to a footnote, and all the emphasis would be on what the Government was doing for the regeneration of industry.

There might also be a public admission that a large part of British foreign policy is now directed towards securing export contracts. Hence the presence of the President of Nigeria in London this week and the Prime Minister's forthcoming visits to India and Saudi Arabia.

Another element in the compromise might be a recognition among economics ministers that perhaps Mr. James Prior, the Employment Secretary, had been right in his gradualist approach to trade union reform. In return, Mr. Prior might be expected to be rather more committed to the Government's general economic strategy.

Sir Ian Gilmour (left) and Mr. Peter Walker: a reconciliation with Mrs. Thatcher?

But the key factor would have to be the stress on public investment. As anyone who reads the four-day House of Commons debate on the Budget will see, the Tory Party is evidently unhappy. Yet the one common thread of all the critical speeches is a desire for the Government to do something to relieve unemployment by promoting capital projects. It is not just that the Government is not doing enough. The more subtle criticism among Cabinet Ministers is that it is not claiming credit for what it is doing already.

That is the state of play. The next question is, if there is to be a reconciliation, who will take the initiative — Mrs. Thatcher or the Cabinet's Left wing?

It should be said here that there appears to be no organised conspiracy on the part of the Left. Mr. Prior, Sir Ian Gilmour, the Deputy Foreign Secretary, and Mr. Peter Walker, the Minister of Agriculture, are not acting together. They are merely fellow malcontents. In terms of resignations or sackings, the two that matter are Sir Ian and Mr. Walker. Mr. Prior does not intend to resign and is probably too powerful to be dismissed.

Anyway, the general view on the Left is that the initiative is up to the Prime Minister. She will have no alternative, it is said, but to seek a reconciliation in view of the uncomfortable developments to come. Besides, neither Sir Ian nor Mr. Walker has any reason to believe that they could go to Mrs. Thatcher and persuade her to change her ways. They would be more likely to receive an earful, if they were received at all.

Meanwhile, Sir Ian and Mr. Walker will continue to behave much as before, making speeches and generally saying what they think, albeit in somewhat coded language. (Mr. Walker is due to address the left-wing Tory Reform Group in Oxford on Sunday.) It is argued that the Prime Minister cannot afford to dismiss someone for upholding the traditions of Disraeli, which is the Gilmour approach, or for supporting government intervention in industry — the Walker approach — at a time when the Social Democrats, a group well to the left of Mrs. Thatcher's Tory Party, are making all the running in the country.

My own view, for what it is worth, is that Mrs. Thatcher will not do anything very much in the way of reconciliation. One possible outcome is that the present tensions will simply continue. Another is that she will seek to isolate and divide her Cabinet critics to the point where the voluntary or enforced resignation of Sir Ian or Mr. Walker, or both, becomes unavoidable.

The active presence of Sir Ian and Mr. Walker on the backbenches would be like the onset of terminal cancer in the Tory Party, and would be manna from heaven for the Social Democrats.

On the other hand, their presence in the Cabinet does not make for comfort either. The time when the Prime Minister could govern over the heads of the Cabinet is over. The tensions are beginning to affect Tory morale all the way down the line. So, unless Mrs. Thatcher seeks the reconciliation that she is undoubtedly still capable of achieving, the choices lie between sackings and resignations and allowing the present, disorganised state of affairs to go on. None of them looks very attractive.

* * *

There is another choice coming up which highlights the Prime Minister's problems. Lord Thorneycroft has been chairman of the party since 1975 and has been, in many ways, outstandingly successful in the job. He has two attributes, in particular, which made it easy for him to work with Mrs. Thatcher. He resigned as Chancellor of the Exchequer in 1958 over what he regarded as the excessive level of public expenditure, and he is sufficient of an elder statesman never to have been seen as her rival.

Lord Thorneycroft is 72 this year. His best work is probably behind him. Morale at the Tory Central Office, over which he presides, has been falling, along with the voluntary financial contributions to the Tory Party. He has been obliged to dismiss staff in order to stop the financial situation from getting out of hand. He is both willing to go and willing to stay, but if he does not go soon, Mrs. Thatcher will find it hard to replace him before the next general election.

Around the turn of the year, when Mrs. Thatcher was considering her first modest Cabinet reshuffle, the Tory chairman offered to retire. He suggested that he might be succeeded by Mr. Francis Pym, but the advice was not taken, and instead, Mr. Pym became the Leader of the House of Commons.

Still, the problem of Lord Thorneycroft's successor remains. Unless he is to stay on indefinitely, it ought to be resolved around the time of the party conference in the autumn. It will not be easy to move Mr. Pym again, yet only two other obvious candidates remain. They are Mr. Michael Heseltine, the Environment Secretary, and Mr. Walker.

Both have the required extrovert, bell-ringing and organisational qualities. Neither, however, much enjoys the Prime Minister's confidence; nor do they see eye to eye with her on policy. Mr. Heseltine, for example, is an arch-interventionist. Both might also be seen as rivals at the seat of power.

Mrs. Thatcher could allow Lord Thorneycroft to plough on. She could take more of the role of the chairman herself — a role for which she has excellent qualifications, except that she also has to be Prime Minister and First Lady of the Treasury into the bargain. She could appoint a nonentity. Or she could seek a reconciliation which would make it possible for Mr. Heseltine or Mr. Walker to work closely with her.

* * *

Finally, it should be said that Mrs. Thatcher's problems are not all of her own making, even if they have been exacerbated by her own personal style, prejudices and convictions. They are the problems of British Prime Ministers over the years. The office of Prime Minister is superficially strong, but in practice weak.

The strength lies in the possession of No. 10 Downing Street, in the apparently effortless control of the Civil Service, in the power to keep even the most senior ministers waiting and ultimately in the ability to take decisions without consulting the Cabinet.

The weakness is that No. 10 can also be a bunker, a place where the Prime Minister retreats in order to ignore outside advice and to direct leaks, while blaming the practice of leaking upon others. What is needed is a Prime Minister's department which allows the leader of the Government to be in overall control of policy, and a Cabinet in which major policy matters can be freely discussed.

Mrs. Thatcher will not be the first Prime Minister to have discovered this, if indeed she discovers it. She could still be the first to do something about it.

Malcolm Rutherford

Letters to the Editor

The demand effect

From Professor G. Maynard

Sir, — Referring to Mr. Blackaby's letter of March 17 in which he asked you in what sense you were using the word "demand" in your statement that the "demand effect" of the recent Budget was largely irrelevant, may I suggest an interpretation that would bring out the point you probably had in mind?

Mr. Blackaby quotes CSO estimates that total final demand fell by 2 per cent in 1980 and imports of goods and services fell by 3 per cent, all in real terms. I think Mr. Blackaby would like us to infer from these figures that final demand was deficient rather than excessive.

These figures, however, are an *ex post* description of what happened to final demand in the economy after deflation by the change in the price level. Mr. Blackaby knows very well that monetary aggregate demand for goods and services rose substantially in 1980 (and will do so again in 1981 despite the "deflationary" nature of the Budget). Why did not real demand and real output rise correspondingly? The answer of course is that the price level also rose. In the jargon of economics, although the demand curve for goods and services moved to the right, the supply curve shifted more than proportionately to the left, leaving the price level higher and the real output level lower.

Mr. Blackaby's influential work at the National Institute for Economic and Social Research leads us to believe that he would prefer the Government to accommodate a rise in the price level but creating sufficient monetary demand for goods and services so as to prevent output and employment from falling, leaving it to incomes policy to prevent or limit the leftward shift in the supply curve (i.e. the rise in the price level). The Government prefers to constrain the rise in the price level by restricting the increase in aggregate monetary demand, accepting the decline in output and employment, which it hopes to be temporary, as a necessary cost.

Whatever the relative merits of these alternatives which have been extensively discussed, Mr. Blackaby can hardly deny that the UK's problems lie more on the supply side than on the demand side, and that they will ante-date this Government. There never has been any difficulty in creating aggregate demand; the problem has been to translate it into a comparable rise in output.

(Professor) G. W. Maynard.
University of Reading,
Whiteknights, Reading.

Cars are not a perk

From the Director-General, Institute of Sales Management

Sir, — We refer to the Chancellor's proposal to increase the tax scale applying to company cars not only in the coming fiscal year but also the following year.

The Institute would question whether sufficient consideration has been given to the several hundreds of thousands involved in selling from chief executives to members of field forces who by virtue of their profession are obliged daily to travel considerable distances. To the selling profession the car is not a "perk" it is an essential requirement.

Would the Chancellor consider taxing a draughtsman on his drawing board; a doctor on his stethoscope; an MP for attending the House; a teacher for teaching aids; surely all are indispensable for the work in hand?

Does not the economy require greater incentive for all involved in sales and marketing which are vital to industry and commerce, whereas the increased tax proposal can only be described as a further disincentive?

Keith Brauer,
The Institute of Sales Management,
Concorde House,
24 Warwick New Road,
Royal Leamington Spa,
Warwickshire.

Encouraging enterprise

From the Managing Director, Cresta Racquets

Sir, — In the Budget speech the Chancellor indicated an encouraging step to increase the availability of risk capital for small companies by the "Business start-up scheme" by which an investor will be able to obtain Income Tax relief at his marginal rate on up to £10,000 invested in one year in a new business or one which is less than three years old.

Since the objective of this scheme is to "encourage enterprise and risk taking . . . to replace jobs that are disappearing elsewhere in the economy," I believe the scheme could be extended to include more established small companies with turnover shown in their last audited accounts for the year ending on or before March 31 of this year not exceeding, say, £300,000.

By including companies of this type I believe that the Chancellor's objectives will be achieved more quickly and effectively. I am sure there are many companies of the type I have referred to which are ready to expand rapidly provided equity capital is available on terms which are neither penal in the cost of servicing nor a disincentive to existing shareholders.

J. W. Nobbs.
Cresta Racquets,
Ewhurst, Cranleigh, Surrey.

No help in complexity

From Mr. Edwin Whiting

Sir, — May I congratulate you on your excellent 12-page presentation and review of the Budget on March 11. There are so many detailed measures that the whole effect is difficult to absorb — and that indeed could be the Chancellor's intention!

Looking behind the headlines at the particular features discussed in your articles I can find no coherent philosophy. For a Government that believes in a market economy the distortions to capital and labour markets grow ever larger and more complex. Arbitrary limits, periods and cut-off points proliferate, causing knowledge of tax legislation to be more remunerative than business itself.

My particular "bete noire" in the menagerie is the so-called "Business Start-up Scheme." It is to cover investment (limit 1) up to £10,000 per year of (limit 2) at least £1,000 by people (limit 3) not connected with the company in (limit 4) certain trades only carried on by a company (limit 5) which is not more than 3 years old; and (limit 6) the capital must remain in the company for 5 years, but (limit 7) the scheme is only to run for 3 years. What sort of incentive is this to a new entrepreneur?

People starting businesses want simplicity and certainty with minimum start-up costs and delay. The Budget proposals introduce far too many uncertainties about the nature of the trade (entrepreneurs will often need to change it), the connections of investors in their business (often it would be family or friends) and the duration of the scheme (what happens if the company goes out of business after 4½ years?)

The scheme proposed by the Wilson Committee, incorporating a Small Firm Investment Company, seemed to be quite different. Investors could subscribe to such a company in the same way as subscriptions to a charity or contributions to a pension fund obtaining tax relief through the SFIC. Small businessmen would have one place to go to for finance, from which the response would hopefully be quick and certain. Sir Geoffrey Howe's new idea on the other hand, will involve legislation as complicated as that surrounding "close companies" which, mercifully, he last year virtually abolished.

He said in his Budget speech that his new scheme was "unique, not only in this country, but among our main trading competitors." I would have thought that was hardly a recommendation to try it here. Businesses, whether small, large, new or existing, do not want any more distracting novelties but a well-oiled market economy with a simple, predictable and neutral taxation system.

Edwin Whiting,
Lecturer in Management Control,
Manchester Business School,
Booth Street West,
Manchester.

The process of arbitration

From Mr. A. Willis

Sir, — I greatly enjoy your legal correspondent, A. H. Hermann's robust approach to the legal thickets, particularly those which surround the City. With a licence for hyperbole in one hand and common sense in the other, he frequently serves the City well. He has none the less gone astray in his article (March 12) concerning arbitration.

Dr. Hermann says that after the Lords' decision in *Bremer Vulkan*, ". . . there is no hope of stopping interminable arbitration proceedings by an application to a High Court judge. . . ." Not so. The 1979 Arbitration Act permits the High Court to give arbitrators very similar powers to those of a High Court judge to proceed with an arbitration despite the delays of one party.

Dr. Hermann says that after the 1979 Arbitration Act ". . . there has to be either one or three arbitrators, and this is a pity because it means paying an extra man, which is not always necessary." To the exact contrary, the 1979 Arbitration Act permits two arbitrators not to appoint an umpire immediately; they can now do so at any time. They are only bound to appoint an umpire when they cannot agree upon their award.

Dr. Hermann's figures for costs are much too high.

Dr. Hermann says that nearly all of the marine arbitrations in which solicitors are involved ". . . are submitted for judicial review."

I would be surprised if anything like half of such cases are refered to judicial review and I am convinced that only a very small minority of such referrals will ever proceed to Court. Moreover, judicial review is only permitted when the parties agree (when presumably nobody can complain of delay) or because the Court permits it under the quite stringent requirements of the 1979 Act. I would add that the commercial court has shown a commendably robust attitude in those few judicial review cases which have been reported which is likely to lead to many fewer applications in the future.

Dr. Hermann says that one of several causes of what he describes as a costly and unsatisfactory process is ". . . the inordinate precision with which London solicitors like to work, collecting much superfluous evidence." I have little doubt that superfluous evidence is collected in both arbitration and litigation but it is misguided to suggest that the process can necessarily be avoided. It would be a brave or foolish practitioner indeed who did not turn over all the stones. If counsel is instructed, it is his ultimate responsibility to decide which evidence is produced. That is one of the undesirable incidental results of the strict division of the profession into two branches leading (in my view) to increased cost but that is another and very long story.

The overriding message in Dr. Hermann's article is that arbitration can be a costly and lengthy process. I hope that this message is read loud and clear. The sillier a proposition, the harder it is to dislodge in the minds of the world at large. One of the silliest is the idea that the arbitration is cheap and swift. Compared with litigation using the superb services of the commercial court in London, arbitration is almost always more costly and more lengthy (with the honourable exception of some but not all commodity and marine arbitrations).

Further, Dr. Hermann is absolutely right to criticise the practice of inordinately delaying hearings. The antiquated process of reading every single document, sometimes more than once, must be stopped. If the profession will not reform itself, it roundly deserves to be reformed in this area.

A. M. D. Willis,
Royex House,
Aldermanbury Square, EC2.

Today's Events

GENERAL

UK: Mr. Walter Goldsmith, Institute of Directors director-general, meets Sir Geoffrey Howe, Chancellor of the Exchequer, to discuss economic prospects, 11 Downing Street.

Mr. Peter Walker, Agriculture Minister, speaks at Confederation Nationale des Co-operatives Vinicoles lunch, Savoy Hotel, WC2.

President Shehu Shagari of Nigeria statement at conclusion of State visit to UK.

Sir Michael Edwardes, BL chairman, statement on preliminary results.

Mr. Neil Kinnock, Opposition Education spokesman, speaks at Purton, Wiltshire.

Prevention of road traffic accidents symposium, County Hall, Barnsley.

Camping and Outdoor Leisure Exhibition opens, Battersea Park, SW11 (until March 29).

Works by craftsmen from South-West England exhibition opens, 43 Earlham Street, WC2 (until April 25).

Overseas: Chief Executives of Europe's leading steel producers start emergency talks on voluntary production curbs pact, Brussels.

Prince Philip, as president of the International Equestrian Federation, visits Egypt (until March 23).

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

OFFICIAL STATISTICS

February retail prices index. Tax and price index for February. Fourth quarter provisional gross domestic product.

COMPANY MEETINGS

Brunner Investment Trust, 20 Fenchurch Street, EC, 12.45. Chester Waterworks, Aqua House, 45 Boughton, Chester, 4. Glasgow Stockholders Trust, Ashley House, 181-195 West George Street, Glasgow, 12. Trust of Property Shares, Park House, 16 Finsbury Circus, EC, 12.

COMPANY RESULTS

Final dividends: BL Ltd. Midland Bank. Montford Knitting Mills. Standard Telephone and Cables.

LUNCHTIME MUSIC, London

Organ recital by Simon Lole, St. Paul's Cathedral, 12.30 pm.

Chamber Ensemble directed by Yona Ettinger, Guildhall School of Music and Drama, Barbican, EC2, 1.10 pm.

BICC grows £9m and plans to pay 10% more

GROWTH IN pre-tax profit for 1980 from £65.6m to £74.6m was revealed yesterday by BICC, the cable manufacturer, ahead of the group's full preliminary statement, scheduled for April 8. The figures were disclosed along with further details regarding the acquisition of Boschert in the U.S.

At the same time the directors say they intend to raise net total dividend 10 per cent to 9.43p by a 6.4p final. It is also stated that group debt was reduced over the year.

Despite the uncertain economic conditions in the UK, the relative strength of the group and, in particular, its overseas spread and export markets, should enable it to continue to make satisfactory progress, Mr. Michael Julien, the group finance director commented.

A special meeting of Boschert stockholders last week cleared the way for the company's takeover by BICC for $29m (£13m).

BICC yesterday placed 6.38m of ordinary shares, conditional on completion of the deal, to fund the purchase. The new BICC shares, which rank equally with the 155m already in issue, carry the right to the 1980 final dividend.

Boeshert, based in "Silicon Valley," California, is a leading independent manufacturer of electronic switching power supply units which are rapidly replacing other types of switches. The company was formed in 1976 and in the year to June 30, 1980, sales climbed 59 per cent to $18m.

Switching power supplies already represent some $150m of the U.S. power supplies market and are forecast to grow an average of at least 20 per cent a year over the next five years. The European market shows similar growth, but is about half the size.

See Lex

HIGHLIGHTS

Lex looks at the rescue package for ICL in the shape of £200m of new loans to stave off its liquidity crisis. At Cadbury Schweppes profits are higher despite the difficult trading background. BICC also moves against the trend with an early estimate of higher profits. Finally Lex looks at the latest monetary figures and the strong long dated gilt edged market. On the inside pages oil group Tricentrol reveals surprise news of its plans to demerge its non-energy interests along with its full year figures. Hepworth Ceramic produces lower profits but sounds confident of reviving its upward momentum this year. Meantime at Steetley the acquisition of Gibbons Dudley has helped the figures along but nevertheless the outturn is very satisfactory. "Growth stock" Hawley Leisure continues to live up to its image with latest profits more than doubled to £1.2m.

Wolseley Hughes pre-tax profits halved midway

PRE-TAX profit of Wolseley-Hughes, industrial holding company, dropped sharply to £3.44m in the six months to January 31, 1981, compared with £7.69m for the same period last year, on turnover down from £102.59m to £88.05m. Pre-tax profit for the year to July 31, 1980 was £15.03m on turnover of £192.93m.

The directors say that trading conditions remain extremely difficult and the group results are unlikely to improve until there is a significant increase in demand.

Tax for the six months took £1.79m (£4m) and minority interests came out at £28,000 (£32,000), leaving the amount attributable at £1.62m (£3.66m).

● comment

The precipitous fall in demand for central heating equipment has pulled Wolseley-Hughes well below target: sales are down 14 per cent, while the pre-tax profit is a full 55 per cent short of last year's. The most immediate consolation is that an already strong balance-sheet has been further strengthened by diminished need for working capital; cash flow from unwanted inventory has sufficed to pay the tax bill. Industrial heating has been a particularly weak market, which has encouraged WH to accelerate the integration of its KS subsidiary. The benefits will not be immediate; indeed, the virtue of WH must be that its understanding of efficient distribution will allow it to exploit the underlying growth in domestic central heating once overall demand recovers. There is little cheer for the moment. Even so, a maintained total dividend would be covered more than three times if these first-half earnings can be repeated. In that case, the prospective yield is 8 per cent and the p/e 9.8, making yesterday's price of 228p (up 4p) look solid enough.

Second half slump at Hepworth Ceramic

WITH virtually all of the £13.88m slump coming in the second half, pre-tax profits of Hepworth Ceramic Holdings, finished 1980 at £22.29m, against £36.17m. Turnover of this vitrified clay—plastic pipes and refractory products manufacturer, was also down, by £9m to £263.2m.

The directors, however, are increasing the dividend total from 5p to 5.25p net per 25p share, with a final payment of 3p.

Midway profits were virtually unchanged at £15m compared with £15.28m.

A divisional analysis of turnover and taxable profits shows a fall in all areas, except engineering and miscellaneous, and refractories has suffered a turnround to a loss. The figures are: clayware £90.7m (£92.6m) and £12m (£14.4m); refractories £48.2m (£61.1m) and £2.4m loss (£5.3m profit); industrial sands and minerals £50.6m (£47m) and £8.3m (£9.5m); plastics £47m (£43.1m) and £2.4m (£4.4m); foundry resins and equipment £17.8m (£17.1m) and £0.7m (£1.4m); engineering and miscellaneous £14.3m (£15.6m) and £1.3m (£1.2m); inter-divisional sales £5.4m (£4.3m).

The year's pre-tax surplus was struck after associate's losses of £445,000 (£8,000), included interest receivable of £430,000 (£775,000 payable), and was subject to a tax charge of £6.31m against £7.99m.

Earnings per share are shown as 10.2p (20.9p) and the attributable balance emerged well behind at £9.94m (£28.19m) after an extraordinary debit of £6.04m (nil)—this comprised of closure costs £3.93m, less tax relief of £2.04m; closed plants written off £3.46m; write-down of plant used by associate in Ireland £7.9m; tax release on previous year's capital expenditure in Ireland £7.2m.

Closure costs included £3.54m redundancy payments—a further £1.7m (£0.88m) redundancy not related to closures has been charged in arriving at trading profits.

Total dividend cost will be £8.26m against £7.16m, after which £1.68m (£21.03m) is retained.

On a CCA basis pre-tax profit is reduced to £10.9m compared with £20.5m.

● comment

Hepworth Ceramic has a good reputation for producing growth from declining markets and, while the slump in the prime steel and construction industry customers proved irresistible last year, the group is confident that it has reduced its cost structure sufficiently to resume its upward momentum. The surgery has, indeed, been very severe — refractory capacity for example has been halved — but it now seems feasible to job backwards from £22.29m pre-tax to start pencilling in this year's projections. The steel strike may have cost around £4m, above the line redundancy costs were £1.7m. Dickey made nothing in 1980 but could be headed for £1m this year and, after a loss of £2.4m, refractories are expected to return to the black. It may be possible, then, to start looking for £30m and more and, although forecasts in this range are possibly making some bullish assumptions, the resilience of the dominant clayware division is an encouraging pointer. The shares rose 9p to 112p and on a fully taxed prospective p/e of 11.8 and an historic yield of 6.8 per cent they rate as a safe hold.

Liverpool Post profits plunge

THE SEVERE recession in the UK, the strength of sterling against North American currencies and industrial disputes, reduced pre-tax earnings of the Liverpool Daily Post and Echo group by more than 60 per cent.

The taxable profits of the group, which publishes newspapers in the UK and North America and has paper making and packaging interests, were down from £4.12m to £1.47m.

But the group is maintaining the net total dividend at 9.5p, with a final payment of 6.038p (same). Stated earnings per 50p share were down from 23.4p to 9.5p.

The directors say the result is disappointing but not unexpected.

In the UK, a two-week national print dispute last spring, which was extended for a further week on Merseyside, cost the group over £1.3m and poor trading conditions reduced advertising volumes.

The high value of the pound against U.S. and Canadian currencies also deflated selling prices for the group's papermaking business and adversely affected the conversion of North American profits and assets.

But the directors believe it is realistic to look for a healthy recovery this year after cost reductions at home and increased investment in North America.

Any improvement, however, will be heavily dependent on sterling's strength and the recovery of the UK and North American economies.

The group's Liverpool daily newspapers traded at a loss in the second half because of depressed advertising revenue and an increased wage bill. The directors say this made rationalisation inevitable.

A programme involving early retirement and redundancies affecting 195 workers at Liverpool and the weekly newspaper plant in Southport was implemented at the year-end.

But the group's UK paper products and packaging division prospered, matching the 1979 figure in spite of the far worse economic climate, although its contribution was diminished by the strength of sterling.

The three paper mills held their profit fall to 20 per cent. But the Stake-on-Trent packaging company produced a record profit.

Profits from Canada were down last year after years of growth. But in the U.S., the Pittsburgh suburban newspapers doubled their profits and the recently acquired Panax Publishing, a Chicago newspaper and printing business, recorded encouraging first results.

The taxable surplus of the group was after interest charges of £226,000 (£321,000). Tax took £398,000 (£1.48m).

During the year, extraordinary items of £2.46m, including the cost of the Liverpool rationalisation programme (£1.33m) and the goodwill written off following the purchase of Panax (£1.13m) were deducted in establishing the group's reserves at the year end of £11.47m (£14.08m).

● comment

Last year was dreadful for Liverpool. The group, already in a depressed area, was hit by the usual problems associated with the newspaper industry. The NGA dispute hit hard and overall the UK newspaper loss amounted to £300,000. Meanwhile the strong pound resulted in forfeited profits of around £1m. In the final quarter, employment advertising suffered a 55 per cent volume drop and displays were down 24 per cent. Rationalisation costs at Liverpool plus the Panax goodwill write-off knocked nearly a fifth off net worth. The maintained dividend, although it boosted the share price 25p to 115p, costs over £1m and is uncovered. Nevertheless, the group is very confident of current year recovery and its strong paper and packaging performance last year is one basis for hope. U.S. contributions and trimmer Liverpool operation also suggests profits recovery to more than £3m pre-tax. The yield is 12.5 per cent while the fully taxed p/e of more than 17 is stratospheric, but drops to a far more realistic 8.4 for the current year.

Increase for T. Clarke

PRE-TAX profit of T. Clarke and Co., electrical contractor, increased from £476,103 to £582,005 for 1980 on turnover up from £12.83m to £14.3m.

There was a tax credit of £738,369 (£251,658 debit) including a release from deferred tax of £855,537, which brought profit after tax to £1.32m (£224,445).

The directors have recommended a final dividend of 1.12p (0.875p) per 10p share making a total of 1.75p (1.4p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Boddingtons	1.6	—	*1.33	3	*2.5
Britannia Arrow	1	May 29	0.7	1	0.7
Cadbury Schweppes	2.9	July 1	2.9	4.1	3.85
Charterhouse Pet.	0.5	May 27	—	—	—
T. Clarke	1.12	—	0.875	1.75	1.4
Hall Engineering	4.2	May 8	3.9	7.61	7.0
Hawley Leisure	1	Aug. 28	0.5	1.6	0.8
Hepworth Ceramic	3	—	2.75	5.25	5
Lex Service	4.2	May 28	4.2	7	7
Liverpool Daily Post	6.04	April 24	6.04	9.5	9.5
Mercury Trans. Tst.	51	April 28	62	51	62
A. & J. Mucklow ...†int.	1.88	July 1	1.6	—	3.88
New Central Wits ...int.	15	May 8	10	—	62
Pressac Holdings ...int.	0.35	May 20	0.51	—	1.26
Reliable Props. ...int.	1.25	May 7	1.25	—	2.5
Sale Tilney	4	June 3	3.6	7.5	6.75
Second City Props. int.	0.62	May 11	0.62	—	2.22
Sharpe and Fisher	1.25	May 29	1.25	1.80	1.75
Steetley	6.5	April 24	6.5	10.5	10.5
F. W. Thorpe ...int.	1	May 14	1	—	2.45
Tomatin Distillers	0.1	—	1	0.1	3.75
Tricentrol	5.6	—	4.2	8.4	7
Williams & James	1.25	May 14	2.57	2.41	3.72
Wolseley-Hughes ...int.	4.4	July 31	4.4	—	12.5

Dividends shown pence per share net except where otherwise sta[ted]. * Equivalent after allowing for scrip issue. † On cap[ital] increased by rights and/or acquisition issues. ‡ South African c[ents] throughout.

W. E. Norton raising £705,000 by rights

W. E. Norton (Holdings), the troubled machine tool merchanting group, is raising £705,000 by way of a rights issue of 11 per cent convertible cumulative preference shares, 1996/2001 of £1.

The directors forecast that turnover in the full year to March 31, 1981 will be £12.75m, down 28 per cent from last year's £17.6m and that a loss before interest and tax of not more than £435,000 will be incurred, compared with a profit of £94,000 on this basis in 1979-80. The pre-tax loss is forecast to be not more than £975,000 against a loss of £247,000.

The rights issue is on the basis of one convertible preference share at par for every 27 ordinary 5p shares held on April 6. The prefernce shares are convertible into 20 fully paid ordinary shares per preference share from 1981 to 1991.

Mr. W. E. Norton, chairman, says that losses incurred by the company have eroded its equity base and reduced its capacity to support its current level of bank indebtedness, shown at £2.1m on February 16.

The net proceeds of the rights issue will be used to reduce borrowings and the company's bankers have agreed to maintain their existing level of support for 12 months.

The issue is subject to approval of a resolution at an extraordinary general meeting on April 13 to enlarge the authorised share capital. Dealings in the shares are to begin in paid form on April 14 and final day for acceptances is [M]ay 5.

The issue has been und[er]written by Guinness Mahon [and] brokers to the issue Cazenove.

● comment

W. E. Norton got caught [last] year with large stocks of mach[ine] tools for which there turned [out] to be very little demand. Tu[rn]over plummetted to a curr[ent] annualised level of £9.5m fr[om] £17.6m in 1979-80. The result[ing] losses have cut shareholde[rs'] funds by more than 40 per c[ent] in two years while borrowi[ngs] doubled to £2.1m to finance m[ore] than £5m in stocks. The us[ual] economy measures proved in[suf]ficient to stem the losses at [the] prevailing low level of turno[ver] and so an injection of equ[ity] became vital. The terms of [the] rights issue are tough, with [...] per cent of the company on off[er]. Norton knows the business w[ell] and, as a merchant, should [be] able to respond more quic[kly] than UK machine tool ma[nu]facturers to an upturn in dema[nd] when it comes. Capital gear[ing] after the issue is still an unc[om]fortable 87 per cent, but sto[cks] are being held at a hopeful £[...] level and further liquidity co[uld] be squeezed out of them [if] necessary. Still, it's a risky pr[os]pect and many shareholders m[ay] decide to sit back and accept dilution. At 5½p unchanged, market capitalisation is £2m.

Savoy Hotel group further rebuffs Trust House Forte

A FURTHER rebuff was received yesterday by Trust House Forte from the Savoy Hotel Group which confirmed its rejection of the £58m bid and said it intended to go ahead with the sale of rooms next to its main premises.

The Savoy board sent THF a letter in the morning saying that it continued to reject the offer and would not co-operate with the bidder by agreeing to an EGM.

THF had asked the Savoy to say within seven days whether it would agree to meetings of the 'A' and 'B' shareholders to vote on the offer under a special scheme of arrangement within the Companies Act.

This deadline ran out at 10.30 yesterday morning. After receiving the letter, THF said the group and its advisers, S. G. Warburg, would "be proceeding as necessary to enable the proposals to be put before the Sav[oy] shareholders."

Any agreed scheme wo[uld] need to be legally sanction[ed] but neither side was prepar[ed] to say yesterday if or how t[he] courts would now be broug[ht] into the picture.

"It's up to them to make t[he] next move," said Mr. Gi[les] Shepard, the Savoy's managi[ng] director. "There is always a p[os]sibility that this could go to t[he] courts," said Mr. Eric Hartwe[ll], THF's chief executive.

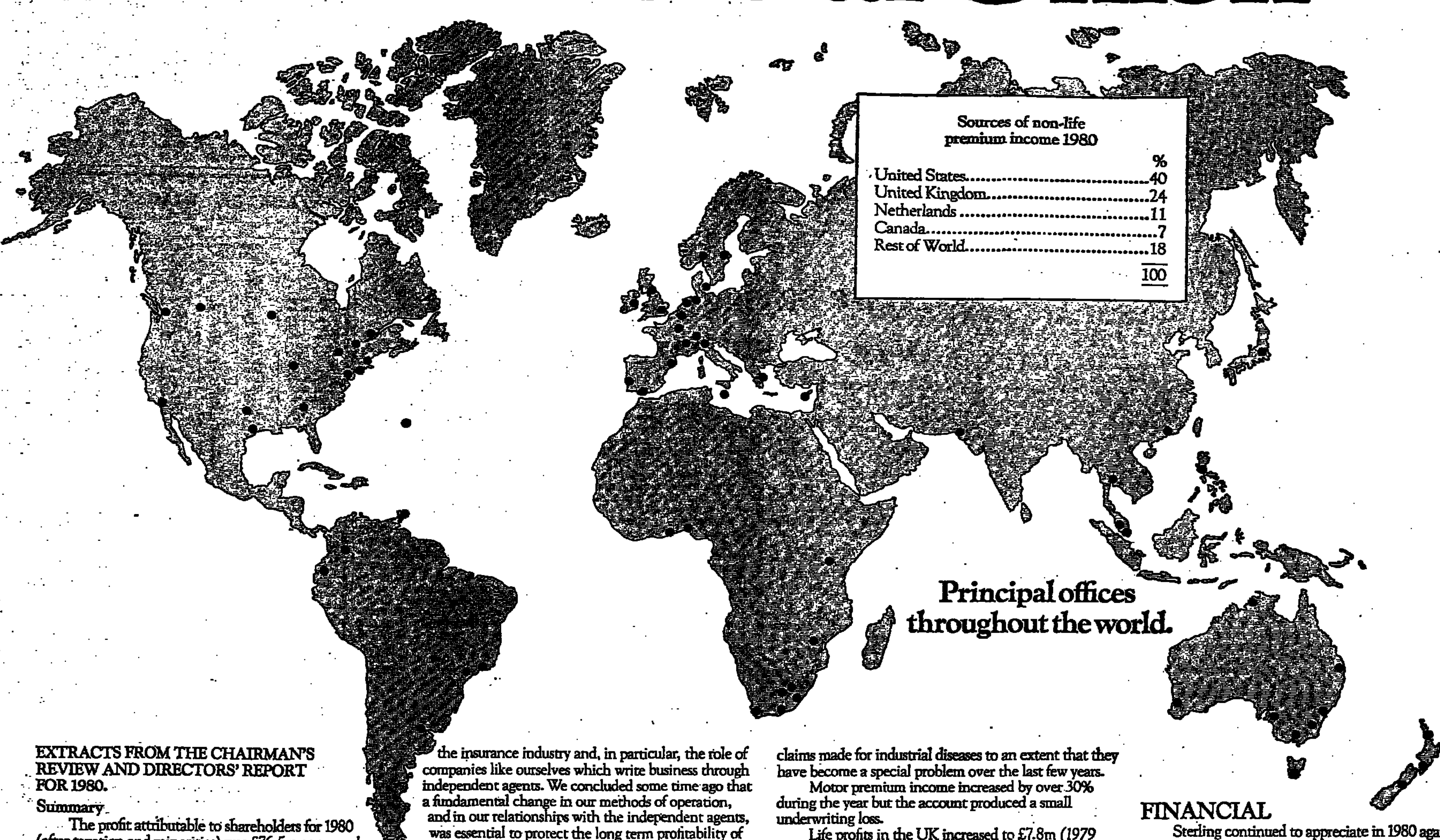
Under the Savoy's sp[ecial] capital structure, the 'B' shar[es] have considerably more vot[es] than the 'A' shares. Nearly h[alf] of the 'B' shares are controll[ed] by the board. Just over 51 p[er] cent of the total votes are repr[e]sented by 'A' shares.

Mr. Shepard also said t[he] Savoy hoped soon to agree t[he] sale for over £8m of the 1[...] rooms on its Strand side, abo[ve] Simpson's restaurant

SPAIN

March 18	Price %	+ or −
Banco Bilbao	290	
Banco Central	332	
Banco Exterior	282	
Banco Hispano	275	
Banco Ind. Cat.	127	
Banco Madrid	141	
Banco Santander	330	+0.4
Banco Urquijo	170	
Banco Vizcaya	310	
Banco Zaragoza	234	
Dragados	150	
Espanola Zinc	75	
Fecsa	58.5	−0.5
Gal. Preciados	31.2	−0.3
Hidrola	64.7	−0.3
Iberduero	57.2	
Petroleos	91.5	+0.3
Petroliber	70	
Sogefisa	87	
Telefonica	61.0	−0.5
Union Elect.	64.0	−0.5

Commercial Union



Sources of non-life premium income 1980	%
United States	40
United Kingdom	24
Netherlands	11
Canada	7
Rest of World	18
	100

Principal offices throughout the world.

EXTRACTS FROM THE CHAIRMAN'S REVIEW AND DIRECTORS' REPORT FOR 1980.

Summary

The profit attributable to shareholders for 1980 (after taxation and minorities) was £76.5m compared with £91.8m for 1979. Earnings per share declined to 18.61p from 22.34p in 1979. The reduction in profits and earnings per share was due largely to adverse trading conditions in North America and the severe effect of changes in rates of exchange.

Your directors recommend the payment of a final dividend of 6.400p *(1979 5.800p)* per share which, with the interim dividend paid in November 1980, gives a total of 10.800p *(1979 9.800p)*. This represents an increase of 10.2% on the dividend paid in respect of the year ended 31 December 1979. The cost of total dividends for 1980, including preference dividends, will amount to £44.4m, leaving £32.1m to be transferred to retained profits and reserves.

World-wide non-life premium income in sterling terms showed only a small increase of 2%. However, there was an underlying growth of 17% after allowing for the effect of changes in rates of exchange, the sale of shares in former subsidiary companies in Australia, New Zealand, South Africa and the Republic of Ireland, which have become associated companies, and other factors.

Our underlying rates of growth in premium income during the period 1976-1978, averaged about 6% per annum and were appreciably less than those of our competitors. This was because of the need to restrict growth in 1976-1977 in the light of our 1975 results and our low solvency margin at that time. In 1978 a policy of prudent growth was decided upon but it was not until 1979 that the effects of this policy first showed through with an underlying rate of growth of 12%, increasing to 17% in 1980.

Investment income in sterling terms, net of loan interest, was £142.8m *(1979 £141.0m)*, but after allowing for the effect of changes in rates of exchange, the sale of shares in former subsidiary companies mentioned above and other factors, the underlying increase was 15%.

There was a small reduction in the sterling amount of life profits which were £15.2m compared with £16.6m in 1979. However, after allowing for the effect of changes in rates of exchange and other factors, life profits showed an underlying rate of increase of 8.5% over 1979.

Non-life underwriting suffered a marked deterioration during 1980, with a loss of £57.3m compared with a loss of £21.3m in 1979. As expected, results deteriorated in the United States and particularly so in Canada. The underwriting results in the United Kingdom and parts of Western Europe were also worse but they improved in the Netherlands. Marine and aviation business written in the London market resulted in a release of £3.2m to the profit and loss account compared with £2.5m reported in 1979.

MAJOR TERRITORIES

United States

The underwriting loss rose to £31.8m from £8.3m in 1979. Investment income increased to £50.5m *(1979 £46.5m)*.

For most of the year the economy was in recession and inflation was running at a high level. Competition within the insurance industry was so intense that it seemed that little heed was being given to the longer term consequences. Market capacity has been well in excess of current needs and this, together with the availability of high interest rates, has encouraged relentless price cutting, especially in commercial business.

Despite these conditions, we achieved a growth in written premiums in local currency of over 15%. This growth was considerably higher than the average growth for the industry and although our statutory claims ratio to earned premiums deteriorated to 70.7% *(1979 69.4%)*, this modest increase was most satisfactory in the prevailing conditions. The commission and expense ratio to written premiums was 34.0% *(1979 33.1%)* and the statutory operating ratio 104.7% *(1979 102.5%)*. The expense ratios reflect the continuing implementation costs associated with our long term strategy referred to below which is designed to achieve a larger share of the market as well as greater profitability.

Our long term strategy is based upon a comprehensive assessment of the changing conditions in the insurance industry and, in particular, the role of companies like ourselves which write business through independent agents. We concluded some time ago that a fundamental change in our methods of operation, and in our relationships with the independent agents, was essential to protect the long term profitability of our business. The additional expenses involved in all aspects of the ensuing reorganisation represent, therefore, an investment to produce profitable growth in the future.

One of our principal objectives has been to secure a relationship with our independent agents based on mutual respect and increasing profitability. To this end, the products and services we have offered have been combined with broader authorities given to selected trained agents who have entered into contracts with the Company providing them with greater incentive and security.

Our objectives have been substantially achieved so far and although the underwriting prospects for the insurance industry in the immediate future are not encouraging, we have confidence in the effectiveness of our strategy for the longer term.

United Kingdom

There was a deterioration in underwriting experience in the UK during 1980 and a loss was made of £2.3m compared with a profit of £3.5m in 1979. Premium income increased by over 25%.

Trading conditions have been difficult. The practice of some companies to reduce rates substantially to protect their existing portfolios and to attract new business was a particularly adverse feature. Although the rate of inflation has been falling recently it remains a major problem for insurers. The severe economic recession has restricted real growth in the volume of available insurance business and underwriting capacity has exceeded requirements.

Although fire wastage during the year increased by 32% over 1979, competition for industrial fire and consequential loss business remained strong and the higher level of claims and exposure were not matched by increases in premiums. Nevertheless, in the absence of the poor weather conditions that affected 1979, our fire account produced a profit.

Employers' liability experience has deteriorated. Premium volume, which in this class is related to the wage bill of the insured, suffered as a result of the recession. There has been an increase in the number of claims made for industrial diseases to an extent that they have become a special problem over the last few years.

Motor premium income increased by over 30% during the year but the account produced a small underwriting loss.

Life profits in the UK increased to £7.8m *(1979 £7.1m)*. This increase reflects the triennial valuation at the end of 1979 of the closed Northern Non-Participating Life Fund.

Netherlands

The total result of our Netherlands subsidiary, Delta-Lloyd, was most satisfactory in 1980. The underwriting result showed a marked improvement, with a loss of £3.0m compared with £10.7m in 1979. Investment income was £18.1m *(1979 £20.7m)* and life profits were £6.9m *(1979 £8.2m)*. The depreciation of the guilder against sterling by 21% during the year has depressed these amounts for 1980 in sterling terms.

Canada

Underwriting experience was particularly poor in Canada which produced a loss of £11.9m *(1979 £0.4m profit)*. Investment income increased to £9.1m *(1979 £8.8m)*. Premium income in local currency increased by 16%.

There was a continuing effect during 1980 of the distortions in the market place caused by the past operations of the Anti-Inflation Board and intense competition and uncertainty prevailed throughout the year. In addition, increased reinsurance capacity and the attraction of high investment returns have encouraged the persistent use of wholly inadequate premium rates.

Australia and New Zealand

Integration of our business interests in Australia and New Zealand with those of the National Mutual Life Association of Australasia Limited, became effective on 1 August 1980. We now have in each of these countries an associated company in which our effective interests are 45.9% and 49.2% respectively.

Trading conditions in both countries remained exceptionally difficult with unabated price competition. The underwriting loss in Australia for the first seven months of the year was £2.5m compared with a loss for the whole of 1979 of £2.3m. Investment income for the same period was £4.8m *(1979 £7.0m full year)*. In New Zealand the corresponding results were an underwriting loss of £0.5m *(1979 £0.5m)* and investment income of £1.0m *(1979 £1.2m)*.

RESULTS IN BRIEF

	1980 £m	1979 £m
Premium income	1,171.5	*1,148.5*
Investment Income	151.4	*153.6*
Loan interest	(8.6)	*(12.6)*
	142.8	*141.0*
Life profits	15.2	*16.6*
Underwriting result	(57.3)	*(21.3)*
Associated companies' earnings	2.5	*1.3*
Profit before tax	103.2	*137.6*
Taxation and minorities	(26.7)	*(45.8)*
Profit attributable to shareholders	76.5	*91.8*
Earnings per share	18.61p	*22.34p*
Dividend per share (net)	10.80p	*9.80p*
Shareholders' funds	£769m	*£717m*

FINANCIAL

Sterling continued to appreciate in 1980 against most other currencies and particularly against the European currencies. The effect of changes in rates of exchange reduced premium income by £97.2m, investment income less loan interest by £11.5m, profit attributable to shareholders by £7.4m and shareholders' funds by £74.8m.

Solvency

Net assets attributable to shareholders at 31 December 1980 amounted to £769m *(1979 £717m)* and the solvency margin (ie net assets expressed as a percentage of written premiums) was 66% *(1979 62%)*.

CONCLUSION

A year ago, I drew attention to the worsening trends in underwriting results which began in 1979 and were caused by a combination of increasing competition and inflation. Unhappily I was right then in suggesting that there were few signs of an early return to responsible market behaviour and, against a sombre background of continuing inflation, I believe that our results for the year are reasonably satisfactory.

In particular we did well in the United States to increase our premium income by over 15% and restrict the rise in our statutory claims ratio to 70.7% against 69.4% for the previous year, both of these being a better achievement than the market average.

While it is disappointing that our UK underwriting should have produced a small loss in 1980, this was in line with general market trends. However, there was a substantial increase in our premium income and we made good progress towards our objective of regaining a larger market share.

I am glad that we are able to record a marked improvement in the underwriting results in the Netherlands. In Canada there are now at least some signs of a change for the better in market conditions, though it will take some time for underwriting results to become satisfactory again.

The insurance industry is a major contributor to the country's invisible earnings and we as a Company can be proud of our own share in this. In 1979, the last year for which detailed figures are available, the net contribution to the balance of payments from the invisible earnings of the private sector was not far short of £5 billion. Of this total the insurance companies and brokers and Lloyd's of London between them produced almost one-fifth. I have every confidence in the strength of the British insurance industry and its ability to continue to make a truly significant contribution to the balance of payments.

Our business has always been cyclical and the downturns have in the past usually resulted from an over-capacity in the market following periods of good underwriting results. The current downturn has been particularly severe due to the unusual combination of deep economic recession and high inflation rates world-wide. The insurance industry faces another difficult year in 1981 but, in my view, we shall see the first signs of an upturn in the underwriting cycle by the end of the year. Our strong balance sheet will enable us to take full advantage of improving underwriting conditions as they occur and we are continuing our efforts to expand our market share, more especially in the United Kingdom and the United States. In the United States we have invested a very substantial amount in the restructuring of our organisation which is now beginning to show a return through increased premium volume and a stable claims ratio. A gradual reduction in the expense ratio should follow over the next few years. Moreover, the substantial increase in premium income already achieved in these countries should, subject to movements in interest rates, be reflected in higher investment income.

Francis Sandilands

CHAIRMAN

CU Assurance

Commercial Union

Assurance Company Limited

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Consolidated Murchison waits for the dawn

BY KENNETH MARSTON, MINING EDITOR

BECAUSE its fortunes are based on the volatile market in antimony (plus gold to a much lesser extent) South Africa's **Consolidated Murchison** tends to follow a chequered career, to say the least. Last year shares touched 502p only to slide back to 240p in line with the collapse of the market in antimony.

They are currently 235p to show a nominal yield of just over 7 per cent on last year's reduced dividend of 30 cents (17p). The price would probably be lower were it not for the presence in the background of potential buyers who, remembering past experience, are looking to recovery prospects.

But they are given little encouragement by the chairman, Mr. H. Dalton-Brown in the latest annual report. Dividend prospects for this year, he says, must "be considered remote" failing an upturn in the market for antimony.

As already announced, the monthly ore milling rate has been cut back to 30,000 tonnes, but because of unusually high ore grades the production of antimony concentrates and cobs have been maintained at the previous levels.

Mr. Dalton-Brown says, hopefully, that the increase in the company's stocks of this material will place it in a strong position to take advantage of an eventual improvement in demand, especially in view of the low level of stocks held by manufacturers; antimony's applications include use in electric batteries and flame-proof materials.

In the meantime, the chairman takes the view that earlier forecasts of an improvement in the U.S. economy now seem to be in doubt and with conditions in Europe worsening he expects that antimony sales will remain sluggish and, in terms of South African rands, at prices below those of four years ago.

He also says that earlier hopes of new gold occurrences at the mining property have not been borne out. Several interesting leads were followed up last year "but nothing of import has been discovered."

So Murchison is cutting expenditure wherever possible and keeping its head down until better times return. Perhaps this is the darkest hour before the dawn and, at all events, the recovery in the company's fortunes when it comes will no doubt be as swift as in the past.

Although the shares cannot be considered cheap in the light of the latest statement, it is questionable whether holders will be prepared to sell at this stage and buyers are waiting in the wings.

GOLD AND BASE

The London-registered **Gold and Base Metal Mines** has turned in net profits for the six months to June 30, 1980, of £9,000, compared with £47,500 last time.

The company recorded a net loss of £10,680 on its UK operations, against a loss of £1,300, principally as a result of a loss on sales of investments, and little improvement on last year's full-year loss of £25,693 is forecast.

The group's share of profits of its Nigerian associate **Gold and Base Metal Mines of Nigeria** fell to £35,000 from £45,800. The decline was attributed to higher wages, lower production and a lower average tin price.

The London company last year agreed to sell 60 per cent of the Nigerian concern to Nigerians for a total of Naira 420,000 (£330,000), but neither these funds, nor dividends due, have yet been received.

ROUND-UP

Higher gold prices during 1980 lifted full-year net profits of Canada's **Kerr Addison Mines** to C$47.3m (£17.8m), compared with a loss of C$5.7m in 1979.

The group's annual report revealed that improved results from the Kerr Addison gold mine at Virginiatown, Ontario, were partially offset by the loss incurred at the **Mogul** lead-zinc operation in Ireland, lower profits at **Canadian Electrolytic Zinc** and increased spending on exploration.

Earnings from associated companies were boosted by a rise at **Noranda Mines**.

The performance of the group's uranium operations at Agnew Lake, near Sudbury, Ontario, was above expectations, and last year's closure provision of C$21.3m was reduced by C$16m, resulting in a net credit of C$10.9m.

* * *

South African gold production in February showed a slight decline to 1,725,120 ounces from January's 1,727,538 ounces, according to figures released by the Chamber of Mines. The February output was also lower than the 1,844,109 ounces produced in February of 1980.

This brings the total production for the first two months of the current calendar year to 3.45m ounces, 5.5 per cent lower than at the same stage of 1980.

* * *

New Central Witwatersrand Areas reports a profit for the six months to February 28 of R269,000 (£152,400), nearly all of which is to be paid out in an interim dividend of 15 cents (8.5p). This compares with a profit of R129,000 a year ago and an above-earnings interim of 10 cents which was followed by a final of 52 cents.

The South African investment company says that it has been decided not to declare an interim in excess of the latest six months' earnings. It is added that investment income does not accrue evenly and that profits for the year to August 31 are not expected to rise in proportion to the increase for the first six months.

FUND RAISING BY SABINA

CANADA'S **Sabina Industries** has raised C$200,000 (£74,000) through a placing at C$1 a share, and will use the funds to finance further exploration work at the 60 per cent-owned McFinley gold-silver prospect in the Red Lake area of Ontario.

Mr. Bill Cummins, president, said in the annual report that the company looks forward to an "active and rewarding year" at the prospect. The remaining 40 per cent is owned by **McFinley Mines**.

Sabina is also active at the Nine Mile Brook lead-zinc prospect at Bathurst, New Brunswick, where it is involved in a joint venture with Noranda's **Brunswick Mining and Smelting**.

In the Republic of Ireland, work continues at the Rennicks and Bennett lead-zinc property at Navan.

Sarabex negotiating sale of fixed assets

BY ROSEMARY BURR

Sarabex, the London money broking and foreign exchange business owned by Arab interests, is negotiating the sale of its fixed assets. The main attraction for the prospective purchaser is probably the 200 or so telephone lines installed in the broker's rented City offices.

Talks took place this week with the Bank of England, Sarabex and an unnamed prospective buyer. The attitude of the Bank during these negotiations is crucial, since without its approval the purchaser could not continue to run a money broking operation from Sarabex current offices.

Before setting up as a money and foreign exchange broker in the City, a company has to be sponsored by six banks operating in London, which must express their future willingness to deal with it, and satisfy the Bank of its market expertise, capital backing and continued ability to maintain suitable staff, equipment and premises.

Sarabex won recognition to operate as a money and foreign exchange broker on August 13, 1979. This followed a protracted battle during which the Arab brokers complained to the European Commission that they had been denied access to the London market by a cartel.

In addition, Sarabex, then sponsored by Bank of America and five other banks, agreed to restructure its management and loosen its ties with the parent company. Mr. Ramzi Halabi, a shareholder in Sarabex, gave up his post as chairman of the company, but remained as group chairman.

For the year ended March 31, 1979, Sarabex incurred a pre-tax loss of £437,000 against £55,000. Shareholders' funds totalled £500,000 and the parent had extended a £300,000 long-term loan. Sarabex had an accumulated deficit of £715,000.

Share buying sparks CU bid rumours but mystery remains

BY ERIC SHORT

STRONG EARLY buying of shares in Commercial Union Assurance yesterday sparked off rumours of a takeover and sent the share price rising steeply. One possible bidder was named as Consolidated Goldfields on the strength of its expansion plans and the tie of its associated company Consolidated Gold Fields of South Africa with Commercial Union of South Africa.

Both companies denied the speculation. Mr. George Spratt, secretary of CU said that there was "Absolutely no information of such a possibility."

Mr. Graham Williams of Consolidated Goldfields confirmed that the group has considerable cash available and was seeking to maintain earnings growth. But the company's basic philosophy was to use its money in the existing lines of business or activities closely associated with its main lines.

The share price of CU climbed from 164p to 170p before falling back to 167p—giving CU a market capitalisation of £686m. The Kuwait Investment Office has built up a 5.3 per cent stake in CU.

Meanwhile Sir Francis Sandilands in his chairman's review to the 1980 report and accounts published yesterday warned that the insurance industry faced another difficult year in 1981, but that the first signs of an upturn in the underwriting cycle would be seen by the end of the year.

The group's strong balance sheet would enable it to take full advantage of improving underwriting conditions as they occurred. The group was continuing to expand its market share particularly in the UK and U.S. The substantial investment in the U.S. in restructuring the organisation was now beginning to show a return through increased premium volume and a stable claims ratio, while a gradual reduction in the expense ratio should follow.

As already reported, the group made a pre-tax profit of £103.2m last year against £137.6m in 1979, after underwriting losses more than doubled from £21.3m to £57.3m. The balance sheet showed that shareholders funds, excluding life, rose in 1980 from £717m to £769m, while total life funds fell from £2.34bn to £2.23bn, the fall coming mainly because of the strength of sterling. The UK life fund advanced from £719.5m to £790.4m.

Tomatin gets £1.5m injection

BY GARETH GRIFFITHS

THE LARGEST Dutch brewer, Heineken NV, is to inject £1.5m into Tomatin Distillers, the Invernesshire malt distiller which yesterday reported a pre-tax loss for 1980 of £1,363,000.

Tomatin is to enlarge its capital by issuing 1.35m new ordinary shares to Heineken at 115p a share. This will give Heineken a 20 per cent interest in the enlarged equity, but the company does not intend to take a management role.

However, Tomatin has asked Heineken to appoint a board member and says the deal will have substantial financial and commercial benefits.

Poor results had been expected from Tomatin, which has been badly hit by the downturn in whisky sales, and which reported a pre-tax loss of £77,000 in its interim figures in October.

Production of new whisky by Tomatin was less than half that in 1979 at around 3.1m litres of alcohol an dturnover fell by 29 per cent from 1979 to £10.74m compared with £15.18m in 1979.

Tomatin reported a pre-tax profit of £840,000 in 1979. A nominal dividend of 0.1p a share is to be paid to shareholders in respect of 1980.

Whisky orders in the second half of 1980 dried up with some existing orders cancelled or severely reduced.

The company says trading conditions remain very difficult although changes in accounting procedures have reduced the carrying value of stock and the stock provisions forecast in the interim statement have not been required.

The Tomatin link with Heinkeken has to be approved by Tomatin shareholders but Heineken said it had no plans to take a bigger shareholding or bid for the whole company.

Another Dutch company, Catharyne BV owns 9.91 per cent of Tomatin's enlarged equity.

Heinkekin approached Tomatin a year ago about a possible link as it is keen to develop a new brand of whisky.

Tomatin sells two malt whiskies on the home market but believes Heinekin's established international marketing organisation will assist the development of a brand of Scotch whisky. Heinekin sees its equity share as a guarantee of the future of the joint venture.

Belhaven lines up Miss World

BELHAVEN BREWERY is extending its leisure interests through the purchase of a controlling stake in the Miss World contest, a Glasgow night club, and a hotel on the Spanish coast.

Two of the deals involve Belhaven's joint chairman and managing director, Mr. Eric Morley, who runs the Miss World beauty contests with his wife, Julia. He also operates Morley's Nite Spot on premises owned by Rangers Football Club in Glasgow.

The third acquiistion will bring the Hotel Playa el Retiro in Torremolinos into the Belhaven group which recently bought two holiday camps in Britain.

Belhaven is buying two-thirds of Miss World (Jersey) for £582,000 in shares. Mr. Morley will keep a one-third interest in Miss World which made a £57,000 pre-tax profit last year.

Miss World has issued capital capital of 450.00 shares of 10p, with an unsecured loan of £449,000, interest free until December 1984. Mr. Morley recently doubled his stake to two-thirds by buying out Lady Butlin's interest. The other third is owned by Mr. Trevor Baines, a Belhaven director. The unsecured loan is shared between the two men. Belhaven said Mr. Morley will make no profit on the deal.

Eric Morley (Leisure), which runs the Glasgow night club, is being bought by Belhaven for 250,000 of its shares—around £85,000 at the latest share price—up to September 1982. It made a £112,000 loss in the first 11 months of trading, but is likely to make a profit this year. Belhaven can pull out by end-October 1981 if it is not satisfied with the business.

The Torremolinos hotel will cost Belhaven £545,000 and it will assume responsibility for an estimated £632,000 of debts. The hotel has 227 bedrooms, was buidt in the 1970s, and has been valued at £2.05m.

Belhaven also said its profits before tax and extraordinary items for the year to April 7, 1981 will be at least £500,000. In 1979-80, it made a profit of £111,000.

Crown House offer 'impudent'

DENBYWARE, the loss-making Derby-based tableware and ceramics group which is facing an unwelcome £3.4m from Crown House, has described the attempts by Crown House to gain control asc "impudent."

In a circular to shareholders detailing Denbyware's objections to the bid, Mr. George Robinson, chairman, says the bid:

- is intended to benefit only Crown House by using the Denby name to prop up its flagging glassware interests;
- has no industrial logic;
- does not justify the loss of independence by Denbyware whose business is 170 years old;
- is worth less than half the value of Denbyware's assets.

According to Mr. Robinson, the group's "heavy investment policy in the past has meant that we are well equipped to meet the demands of a recovering market."

He adds: "After allowing for the unaudited result for the six months to September 30, 1980, and payment of the interim dividend, that the asset value per share, at book value, is 99p. That is 24 per cent above the offer price."

He tells shareholders the group's freehold properties "are in the books at 1969 valuation, plus additions at cost, less depreciation. We have recently had them independently valued by Edward Rushton Son and Kenyon, surveyors and valuers, on the basis of existing use as at February 28, 1981.

"Their valuation amounts to £4.62m, an excess of £3.272m over book value. This amounts to over 76p per share making the asset value per share 175p. Compared with that the offer at 80p is derisory."

Crown House, the electrical and mechanical engineering and glassware group, already has a 29.98 per cent stake in the company, and is offering 80p per share cash for the balance of the shares in the group.

BANK RETURN

BANKING DEPARTMENT

	Wednesday March 18 1981	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	39,703,067	+ 10,088,565
Bankers Deposits	568,408,030	— 205,833,311
Reserve & other Accounts	1,341,328,818	— 102,645,120
	1,963,992,915	— 298,389,866
ASSETS		
Government Securities	453,595,856	— 320,850,000
Advances & other Accounts	1,021,980,194	+ 105,546,446
Premises Equipment & other Secs.	473,858,570	— 73,344,447
Notes	14,251,606	— 9,642,840
Coin	306,689	— 118,026
	1,963,992,915	— 298,389,868

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,250,000,000	— 25,000,000
In Circulation	10,236,748,394	— 15,357,160
In Banking Department	14,251,606	— 9,642,840
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	5,709,117,121	— 423,731,118
Other Securities	4,529,867,779	+ 398,731,118
	10,250,000 000	— 25,000,000

NEGRETTI CHIEF URGES ACCEPTANCE

Mr. R. E. Ford, chairman of Negretti and Zambra, has written to shareholders urging them to accept the 28p cash offer, for the ordinary shares, from Western Scientific.

He tells shareholders that if the company is denied the cash injections, which Western is proposing, the directors anticipate that Negretti will experience trading conditions which could result in the market value of the shares being below the offer.

Failure to accept the offer could result in the "interests of shareholders and employees being prejudiced," he adds.

J. Henry Schroder Wagg has also written to Negretti shareholders on behalf of Western reiterating that Western will not increase the value of its offer. So far, only 31.5 per cent of the ordinary shares have been lodged in acceptance.

The offer will not be extended beyond March 31.

GEC-Marconi expands

GEC-Marconi is expanding its defence activities in the U.S. by buying Cincinnati Electronics, a privately-owned company specialising in military communications.

The deal which was signed late on Wednesday evening is still subject to satisfying the conditions of the Hart Scott Rodeno Act and receiving security clearance from the U.S. Department of Defence.

Cincinnati Electronics employs 1,400 people. In the year ending October 4, 1980 it had sales of $40.4m, of which nearly $30m was to the U.S. Government. Net income last year was $2.04m.

Neither company would disclose the purchase price yesterday. Total assets for the company at October 4 were $35.4m. Stockholders' equity $8.1m, current liabilities $16.06 and long term debt $11.3m.

Its main product is tactical command radio systems which it sells to the U.S. army. It also makes space and missile equipment, radar systems, electronic warfare equipment—both jamming and receiving equipment—satellite optics and infra-red equipment. But about half its business is supplying the Army with radio manpacks.

LONDON TRADED OPTIONS

(Mar. 19. Total contracts 1772)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	13	9	36	—	48	—	390p
BP	420	5	25	24	15	34	—	"
BP	500	¾	4	5	—	—	—	"
Com. Union	130	39	—	39	14	43	—	168p
Com. Union	140	29	21	29	2	34	4	"
Com. Union	160	10	290	15	23	20	22	"
Com. Union	180	4	178	7	104	12	—	"
Cons. Gold	460	20	4	45	4	53	—	"
Cons. Gold	488	10	1	—	—	—	—	"
Cons. Gold	500	—	—	30	1	38	2	"
Cons. Gold	550	—	—	18	—	22	1	"
Cons. Gold	588	4	—	9	8	—	—	"
Cons. Gold	638	3	—	5	3	—	—	"
Cons. Gold	688	11½	4	2	—	—	—	"
Courtaulds	60	4½	33	7½	12	9	4	60p
GEC	650	21	29	55	—	77	—	658p
GEC	700	4½	—	25	29	45	—	"
Grand Met.	160	24	4	32	—	36	—	182p
Grand Met.	180	7½	35	16½	204	24	—	"
Grand Met.	200	2	6	7½	29	11½	110	"
ICI	240	11	6	26	3	32	1	238p
ICI	260	2½	—	13	1	24	1	"
ICI	330	½	2	1½	—	—	—	"
Land Sec.	330	92	—	96	3	—	—	415p
Land Sec.	390	34	51	46	5	59	—	"
Land Sec.	420	13	77	28	55	39	26	"
Marks & Sp.	110	15	1	21	—	25	—	123p
Marks & Sp.	120	6½	42	12	10	16½	—	"
Marks & Sp.	130	2	—	7	2	11	2	"
Shell	390	16	2	32	—	42	—	396p
Shell	420	8	1	17	1	26	—	"
Shell	500	½	—	4	2	—	—	"
Shell	550	¼	2	2	2	—	—	"
Totals			829		519		173	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Imperial Gp.	60	11	—	13½	—	14½	—	68p
Imperial Gp.	70	3	20	5½	—	7	—	68p
Imperial Gp.	80	¾	—	2½	—	3½	5	"
Lasmo	700	12	11	27	—	43	—	619p
Lasmo	800	2	—	9	2	—	—	"
Lonrho	90	11½	46	15	—	19	2	96p
Lonrho	100	5	5	9½	23	12	3	"
Lonrho	110	2	—	5½	2	7½	—	"
Lonrho	120	¾	—	2½	4	—	—	"
P. & O.	110	28½	1	30	—	—	—	136p
P. & O.	120	18½	1	21	—	25	—	"
P. & O.	130	10	—	14	2	18	—	"
P. & O.	140	4	25	8	—	11	5	"
Racal Elec.	330	49	4	62	—	73	—	362p
Racal Elec.	360	28	16	43	—	55	—	"
Racal Elec.	390	10	22	29	—	40	—	"
RTZ	494	15	4	—	—	—	—	460p
RTZ	500	—	42	22	—	35	13	"
Totals			190		33		26	

COMPANY NOTICES

UK COMPANY NEWS

هكذا من الأصل

Tricentrol jumps £18m and paying 20% more

HELPED BY the continuing strength of profits from the Thistle Field in a difficult year, Tricontrol increased 1980 pre-tax income by £18m, on a restated basis, to £39m, on sales of £276.49m, against £209.17m.

At the nine months stage, the group, which is engaged in international resources exploration and production with wide ranging commercial interests, reported a rise in taxable income from £13.9m to £29.92m.

The net dividebd for the year is being lifted 20 per cent from 7p to 8.4p per 25p share, with a final of 5.6p. Basic earnings per share climbed from 20.9p to 27.7p, while fully diluted earnings rose from 20.3p to 27.1p.

Petroleum revenue tax took £8.89m (£6.13m) and corporate taxes increased sharply to £14.31m (£4.71m) leaving net income £5.64m higher at £15.8m. After dividends, the amount retained was up from £6.39m to £10.65m. Comparatives are restated in line with changes to accounting policies.

Operating profits from the UK oil and gas operations soared from £13.97m to £34.05m over the year, but on the commercial side the contribution from UK automotive activities slumped to £0.3m, against £2.74m.

Mr. James Longcroft, the chairman, says the effects of the new Supplementary Petroleum Duty and changes to PRT are expected to be severe, as reflected in the changes in the valuation of the group's Thistle interests. Future developments in Block 211/18 are to be reconsidered.

In Canada, the long term effects of the Canadianisation programme are difficult to forecast, he adds.

Research and product development expenditure has risen substantially in 1980 and a number of high technology products have been identified. Some of these have exciting market potential, while two are designed to fill market niches in the field of data storage and retrieval.

	1980 £000	Restated 1979 £000
Sales	276,488	209,166
Oil and gas	106,189	58,341
UK	5,524	4,869
Canada	5,524	4,869
U.S.	4,778	5,165
North America	10,302	10,034
Commercial	170,297	150,825
UK automotive	100,757	102,112
UK trading	53,375	36,131
UK travel	3,558	1,959
UK cableform	6,525	—
Continental Europe	6,082	8,140
Discoutnd. activities	—	2,483
Operating income	37,881	20,293
Oil and gas	37,528	17,818
UK	34,053	13,968
Canada	1,156	1,061
U.S.	2,319	2,789
North America	3,475	3,850
Commercial	333	2,475
UK automotive	301	2,740
UK trading loss	49	†460
UK travel	193	164
UK cableform	314	—
Contntl. Europe loss	426	964
Discontd. activities	—	75
Research and devel.	632	106
Corporate expenses	1,226	889
Corp. interest expense	1,622	907
Corp. interest income	3,714	2,232
Exceptional credits	908	384
Income before tax	39,003	21,007
PRT	8,891	6,129
Corporate taxes	14,309	4,714
Net income	15,803	10,164

† Profit.

Tricentrol has added to its exploration and development capability during the year with a 40 per cent increase in personnel and further increases are envisaged for 1981. The Board has authorised expenditure of $200m over the next five years in support ofthe group's North American exploration teams.

The group's search for oil and gas production companies continues in North America where a number of opportunities have been turned down on the grounds of poor quality and high prices.

The London exploration office is now moving into gear as an exploration operator of North Sea off-shore blocks 208/23 (9.8 per cent) and the newly awarded Seventh Round block 1/4 (75 per cent). Recent awards in the Seventh Round have also meant new interests in two prospective areas covered by blocks 12/29 (25 per cent) and 43/26 (35 per cent). In the SW Approaches, Tricentrol has a 15 per cent interest in a more speculative blocks 73/3.

During the year seismic surveys have been completed on all six concession areas in which Tricentrol has an interest in offshore China. Data is currently being evaluated on most of the areas and presentations will be made to the Chinese Government this year. It is hoped that recent changes in Chinese Government policy will not materially affect policy will not materialy affect the pace of exploration in this area which continues to be of great long term interest.

● comment

Tricentrol's de-merger plan is certainly innovative, but it left a number of City analysts wondering whether the company has a clear strategy. The move to demerge seems to represent an abandonment of the original idea of using non-oil side cash flow to help energy development. It comes after large non-oil second half losses: for the whole of last year it made just £330,000 on a turnover of £170m. Although the new business could be profitable in the future, it is expected to make a pre-tax loss of £1m this year (including research/develop-write-offs). Moreover, non-oil side's capital gearing level is running at around 100 per cent: this could fall to 75 per cent or less after a £5m injection. On the oil and gas side of the group, the decision to step up U.S. spending reflects the wounded North Sea cash flow which will result from new taxes. But Tricentrol has retreated significantly from its talk last year of a big U.S. acquisition. Instead it is trying to put together a land programme which will lead to future drilling stakes. The dividend rise produces a 4 per cent yield at 306p, up 18p yesterday, fully diluted p/e of 11 is not too expectant.

Britannia Arrow expansion

ON A £10.5m increase in turnover to £24.65m, taxable profits of Britannia Arrow Holdings, the financial services group, jumped 85 per cent from £1.52m to £2.86m for 1980.

Trading conditions for the fund management companies so far this year have been good and on the assumption that this trend continues, the directors expect a further improvement in trading results for 1981.

Earnings per 25p share were doubled at 3.2p and the dividend for 1980 is increased 43 per cent to 1p (0.7p) net. The directors confirm that the group will this year revert to making two payments a year.

Tax rose from £162,000 to £235,000, but reflecting a sharp rise in extraordinary credits to £5.48m (£2.21m) net profits came through at £8.11m against £3.57m. The ordinary dividend absorbs £808,280 (£526,596).

Assets per share increased 63 per cent from 20.6p to 33.5p.

Setback for Sharpe & Fisher

DIFFICULT trading conditions in the second half reduced pre-tax profits of Sharpe and Fisher, the Cheltenham builders' merchants, from £1.52m to £1.4m for the year to end-December, 1980, on sales up by over 13 per cent to £26m.

The final dividend is being maintained at 1.25p, making a net total payment for the year of 1.80p (1.75p). Stated earnings per 25p share were down from 6.1p to 4.7p.

Tax took £619,064 against £508,928 last time, leaving a net surplus of £778,429 (£1.02m). The net asset value per share was given as 46p (43p).

After current cost adjustments, the taxable surplus was reduced to £789,000.

The company says the difficult trading conditions for builders' merchants in the second half of last year continued into this year. But the group's five DIY stores all traded satisfactorily and plans are in hand for new stores.

Lex down £10m —dividend held

TAXABLE SURPLUS of the Lex Service Group has dropped by £10m to £12.8m for 1980, but the dividend has been maintained at 7p net with an unchanged final of 4.2p per share. Turnover rose slightly from £499.2m to £503.6m.

The directors blame the recession and the consequential competitive environment in which all of the group's businesses have operated.

They add, however, that the process of strengthening the balance sheet has continued and following the divestment of three hotels—at Heathrow and Gatwick airports, and in Chicago—and the restructuring of Lex Vehicle Leasing in association with Lombard North Central, the company's total debt less cash balances stood at £41.1m compared with £56m, at the year end.

Pre-tax figure at halfway was down from £12m to £7.9m.

The full-year's figure was struck after interest up £2.2m to £8.2m, subject to tax of £1.6m (£3.1m) and an extraordinary debit of £2.4m (£0.2m), leaving the attributable balance behind nearly £11m at £8.8m (£19.5m). Dividends will absorb £4.6m again.

Earnings per 25p share are shown as 17.14p against 30.78p at the year end. On a CCA basis profits are reduced to £6.8m (£17.2m) pre-tax.

Since the year-end the group has received the £8.2m proceeds from the sale of its investment in United Carriers and has completed the sale of the Whitehall Hotel, in Houston, for a consideration of $4.75m.

An amendment has been signed extending the period of the agreement with AB Volvo for Volvo Concessionaires to import and distribute Volvo cars and parts in the UK—previously for five years to December 31, 1984—so that it becomes a four/five-year rolling contract.

● comment

Inveterate Lex Service watchers have learned to look at the interest charge. The last time the level of new vehicle registrations went into a tailspin, Lex was amassing a mountain of debt and the shares could reasonably be included in the penny stock category. Now, thanksfully, the borrowing position is markedly different. The airport hotels, subject of so much rumour over the years, have gone as has the bulk of the stake in United Carriers and work has now started on disposing of the U.S. hotels portfolio. The upshot is a balance sheet which is supporting net debt of £41.1m with shareholders' funds (at June 30 last year) of £89.1m. Unchanged yesterday at 100p, the shares are fairly priced on an historic fully taxed p/e of 10.3 and a reasonably covered yield of 10.4 per cent. Although Volvo gains market share remorselessly, the outlook for the current year is probably no less difficult than 1981 but probably the worst that may be said is that the bulk of Lex's redeployment and U.S. expansion must be postponed for a year or so.

Lloyds sees best growth areas outside Europe

THE FAR EAST, because of its relatively good economic performance, and North America, because of its large market and resources, are seen by Lloyds Bank as the most promising areas. Sir Jeremy Morse, the chairman, says the bank will continue to modernise and develop its established business in Latin America and in Europe, as well as in its newer areas such as the Middle East.

Lloyds also intends to extend its syndicated loans business, in which it has taken a leading position over the past few years, to other aspects of international merchant banking.

Looking to prospects he says that there will be further downward pressures in 1981 as the recession reduces the growth of loan demand and as interest rates fall.

He points out that the cyclical fluctuations in bank profits, which are more marked in Britain than in most other major countries, have already been reduced by building up international, wholesale and other business less dependent on interest rates.

"They may be reduced still further over time, by some permanent shift of funds away from current accounts to interest-bearing accounts. This is being stimulated both by inflation and by the competition for deposits which led us to introduce, in 1980, new forms of account for savers," he says.

As reported February 21, Lloyds Bank International's performance helped hold up the group's 1980 profits which, at the pre-tax level, rose 5 per cent from £277m to £290m.

The accounts show that the chairman's pay rose from £64,458 to £78,712 and that of the highest director from £67,160 to £79,344.

Meeting, 71, Lombard Street, EC, on April 23 at 3 pm.

Morgan Grenfell 43% rise

PROFITS OF Morgan Grenfell Holdings, the London merchant banking group, rose by 43 per cent to £7.2m after tax and transfers to inner reserves during 1980. The group's balance sheet footings rose 21 per cent to £1.53bn, before taking account of an exceptional deposit of £289m which was placed with the bank in December and has subsequently been repaid.

Disclosed shareholders' funds rose over the year from £45.4m to £58.8m. This increase reflected retentions of £5.7m and a transfer from inner reserves of £7.5m.

The Board is recommending a final dividend of 2.665p per share, which together with the interim payment makes a total dividend for the year 4.665p. Adjusting for a scrip issue, this represents a 33 per cent increase over 1979's payment.

Mr. G. W. Mackworth-Young, chairman of Morgan Grenfell and Company, said yesterday that just under half the group's gross revenue in the year arose from fee-earning activities. A year earlier, the proportion had been about 60 per cent, and the change reflected an increase in banking activities generally.

The balance sheet shows a rise in advances and other accounts from £383m to £491.3m. Within this total, loans guaranteed by the Export Credits Guarantee Department have more than doubled to £109m, and the bank anticipates that this figure will double again in 1981.

Discretionary sterling and other funds under management have increased from $3.86bn to $5.44bn, and nearly $2bn of this relates to international investment activities. The bank says the U.S. pension funds have become an important new market for its services.

The corporate finance division has seen a noticeable increase in activity, and the group is expanding its coverage in the U.S. and on the Continent. In domestic banking, the level of corporate lending and acceptance credits increased to record levels.

In his annual statement, Lord Catto, chairman of Morgan Grenfell Holdings, confirms that the abolition of exchange controls together with the oil-based strength of sterling, has brought an unparalled opportunity.

"On the other hand, the continuance of the worst international recession since the 1930s gives me cause for caution," he adds.

London quote for Fletcher Challenge

Fletcher Challenge, New Zealand's largest quoted company following a merger last autumn, has obtained a listing on the London Stock Exchange for its 207m ordinary shares.

The listing replaces that of Challenge Corporation, one of the companies in the merger, and which was suspended on January 5 pending publication of full information about the enlarged group.

Fletcher is a diversified industrial and construction company and Challenge is mainly in agricultural merchanting and finance. The third company in the merger, Tasman, is a large pulp and newsprint producer.

The combined turnover in 1980 was NZ$1.2bn and pre-tax profit was $71.9m, based on figures for Challenge in the year ended on June 30, 1980, and those for Fletcher and Tasman to March 31, 1980.

Since last October when the merger was announced, the shares have risen from $1.56 to $2.40 on the New Zealand Stock Market.

The group's market capitalisation of NZ$530m (£215m) represents about one-eighth of the total market capitalisation of all local companies quoted in New Zealand.

Brokers to the listing are Cazenove.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Estates and Agency, Mills and Allen International.

Finals: Gibbs and Dandy, Midland Bank, Montfort (Knitting Mills), Standard Telephones and Cables, Wilson Peck.

FUTURE DATES

Interims:—	
Bridport-Gundry	Mar. 24
Chambers & Fargus	†Mar. 26
Kent (M. P.)	Apr. 16
Standard Industrial	Mar. 27
United Wire	Apr. 30
Finals:—	
Bestwood	Apr. 7
Brent Chemicals International	Mar. 24
Catalin	Mar 27
Equity & Law Life Assur. Soc.	Mar. 24
Federated Land	Mar. 30
Guardian Royal Exch'ge Assur.	Apr. 1
Keep Investment Trust	Mar. 24
Upton (E.)	Apr. 3
Ward White	Apr. 9
Wimpey (George)	Apr. 30

† Amended.

Boddingtons Breweries up 33.5%

DESPITE Boddingtons Breweries saying at the interim stage that it would not be able to maintain the first half growth in profits of 40 per cent, the company finished 1980 with pre-tax profits up by 33.5 per cent from £4.01m to £5.35m on turnover up 14.9 per cent at £24.71m.

This Manchester based company also reports that trade in the first two months of 1981 is slightly ahead of the previous year. In 1980 volume sales showed a 0.5 per cent increase, reflecting the continuing rise in sales of the company's locally brewed beers; the directors say.

The investment programme in new productive capacity was completed during the year, and investment plans are now concentrating on further improvements to the licensed properties.

Free trade continued to expand profitably and now represents 20 per cent of total volume sales, the directors say.

They are recommending a final dividend of 1.6p (1.33p) per 25p share, making a total of 3p (2.5p).

Mr. Ewart Boddington, chairman, says: "We have done well in a difficult year, and one in which the North West has suffered from unemployment and short-time working.

Investment income increased to £71,000 (£21,000), and finance charges were reduced to £92,000 (£139,000). Tax took £2.48m (£1.75m), the provision for deferred tax having only been made for 1980 where the directors expect a rise in the foreseeable future.

Extraordinary items added £29,000 (£19,000), and the attributable profit emerged at £2.9m (£2.37m). The dividends absorbed £1.01m (£842,000).

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$50	15	4½	10	6½B	—	—	$54⅝
GM C	$60	—	—	6	1⅝	—	—	"
		April		July		Oct.		
ABN C	F.280	2	17.50	—	—	—	—	F.292.50
ABN C	F.300	17	4.10	3	7	—	—	"
ABN C	F.320	4	0.90	—	—	—	—	"
AKZO C	F.17.50	5	3	28	3.40	6	4.80	F.20.20
AKZO C	F.20	114	1.20	109	2.20	117	3	"
AKZO C	F.22.50	10	0.40	77	1	—	—	"
AKZO P	F.17.50	—	—	—	—	5	0.80	"
AKZO P	F.20	11	0.50	—	—	—	—	"
AKZO P	F.22.50	—	—	2	2.20	—	—	"
AMRO C	F.60	3	0.60	—	—	—	—	F.57
KODA C	$60	2	20	—	—	—	—	$79⅛
KODA C	$80	5	3½	—	—	—	—	"
HEIN C	F.55	3	3.60	—	—	—	—	F.58.50
HEIN C	F.60	2	1.40	—	—	—	—	"
HEIN P	F.60	—	—	1	0.70	—	—	"
HOOG C	F.12.50	—	—	—	—	1	6.50	F.18.70
HOOG C	F.15	76	4	—	—	—	—	"
HOOG C	F.17.50	—	—	33	3.30	—	—	"
HOOG C	F.20	—	—	—	—	94	1.90	"
IBM C	$60	5	6¼	—	—	—	—	$65⅛
IBM C	$65	2	2⅝	—	—	2	5	"
KLM C	F.55	7	48	2	47	—	—	F.102.50
KLM C	F.60	13	43.50B	—	—	—	—	"
KLM C	F.65	20	38.50B	5	38.50B	—	—	"
KLM C	F.70	26	33	104	33.50	—	—	"
KLM C	F.80	163	23	36	22.50B	19	24B	"
KLM C	F.90	113	15B	124	17.50B	2	18B	"
KLM P	F.100	269	9.50	135	13	36	14.50	"
KLM P	F.70	—	—	10	1A	—	—	"
KLM P	F.80	5	0.80	42	2.60	18	4.10	"
KLM P	F.90	44	2.20	59	5	—	—	"
KLM P	F.100	82	5.80	3	9.90	—	—	"
NATN C	F.120	20	7	—	—	—	—	F.126.50
PETR C	Fr.4500	—	—	—	—	1	560	Fr.4720
PETR C	Fr.5000	—	—	1	150	—	—	"
PHIL C	F.15	17	4.10B	33	4.60	13	4.60	F.19.20
PHIL C	F.17.50	205	1.90	37	2.70B	15	2.60	"
PHIL C	F.20	296	0.50A	53	1.20	174	1.60	"
PHIL P	F.17.50	66	0.40	—	—	—	—	"
PHIL P	F.20	28	1.70	—	—	—	—	"
POLA C	$30	—	—	—	—	19	3⅝	$28⅝
PEUG C	F.130	5	16	—	—	—	—	F.144
RD C	F.90	10	8.10	—	—	—	—	F.96.80
RD C	F.95	43	4.30	4	6.80	—	—	"
RD C	F.100	164	2.30	104	4.50	18	6.80	"
RD C	F.110	219	0.40	43	1.40	43	3.30	"
RD C	F.120	—	—	3	0.60A	—	—	"
RD P	F.90	168	0.80	—	—	—	—	"
RD P	F.95	275	1.50	148	4.40	—	—	"
RD P	F.100	126	4	60	7.20	5	9	"
RD P	F.110	5	13.70	—	—	—	—	"
UNIL C	F.130	22	5	—	—	—	—	F.133
UNIL C	F.135	1	2	—	—	—	—	"
XERO C	$50	2	9¼	—	—	—	—	$58½
		May		Aug.		Nov.		
BOEI C	$35	3	2¼	2	3¾	—	—	$35⅛
BASF C	DM.130	—	—	—	—	1	8	DM.133
MANN C	DM.130	47	3	—	—	—	—	DM128.50
SLUM C	$110	—	—	1	6¼	—	—	$99
VEBA C	DM.130	—	—	—	—	1	5	DM125.80
VW C	DM.160	2	6	7	6.50	—	—	DM160.80
VW C	DM.180	30	0.30	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 4643

A=Asked B=Bid C=Call P=Put

Cadbury Schweppes profits expand by £4m

ON SALES up from £1bn to £1.12bn taxable profits of Cadbury Schweppes moved ahead by £4m to £61.3m for 1980, despite a slight fall at midway of £0.7m to £21m.

Sir Adrian Cadbury, chairman, says there were improvements in all key areas of the company, and that the progress is "especially gratifying" in the context of the difficult economic situation.

The group's aim for the current year is to maintain continuity of the policies which have materially strengthened Cadbury in recent years, "and I am looking for an equally effective response to the needs of our markets as we achieved last year," he states.

Earnings per share on a net basis are shown as 6.09p (4.51p) and 8.96p (8.97p) and pre-tax, and a final dividend of 2.9p (same) net lifts the total from 3.85p to 4.1p.

Taxable surplus on a CCA basis was £36.9m (£35.8m).

All of the company's regions returned higher trading profits despite a general fall in sales after the first quarter, particularly in the UK where distributors reduced stocks and early consumer demand was not up to expectations.

Sir Adrian points out that the results benefit from the introduction of a new policy for the revaluation of containers and the inclusion of Schweppes (France), but they would have been £1.3m higher at 1979 exchange rates.

In the UK region, the confectionery and tea and foods divisions had a good year but the drinks division volume was down because of the poor summer. Trading profit was maintained, however.

There was continuing growth in the company's business overseas, with a major improvement in profits from the confectionery and drinks operations of Cadbury Schweppes Australia from £5.3m to £7.8m. The South African company registered a £1.5m increase to £4.3m.

The chairman says North America remains the priority region for further investment and the Canadian confectionery company "moved significantly further towards profitability with large gains in market shares."

The company improved its return on operating assets by 2.1 per cent to 18.6 per cent, increased its marketing expenditure as a percentage of sales, and raised capital expenditure on modernising production, by £11.4m.

Tight control of working capital reduced net borrowings, the chairman explains, and interest charges were only £5.1m higher at £25.7m.

See Lex

Hawley makes big gains

PRE-TAX profit of Hawley Leisure, manufacturer of leisure goods, amusement machines and fitted furniture, more than doubled from £520,000 to £1.21m in 1980 on turnover substantially up from £11.32m to £26.6m.

The directors are proposing a final dividend per 5p share of 1p (0.5p), making a total of 1.6p as forecast with the rights issue (0.8p). Stated earnings emerged at 6.7p per share (5p having been adjusted to reflect the conversion of convertible loan stocks).

Interest took £814,000 (£292,000), and the company paid no tax (£1,000).

Minority interests came out at £8,000 (£7,000) leaving an amount attributable of £1.22m (£519,000), and dividends absorb £439,000 (£90,000). Last year there was an extraordinary charge of £25,000.

● comment

Hawley Leisure shares have risen about a fifth in value this month in anticipation of yesterday's very good figures. After another half dozen acquisitions last year, the amusement machine and retailing group has changed its shape materially. Amusement machines account for about two-thirds of turnover and slightly more of profit—as the emerging sporting goods chain suffers from the recession. Net asset value was probably up about 60 per cent to 23p per share at the year end and gearing halved to about 50 per cent. The pace of acquisitions should slow this year but organic growth is still exiting and some analysts are forecasting about £2m pre-tax. That may justify the fully taxed historic p/e of 17.7 at 57p, down 1p. The yield is just 4 per cent.

Recession and cutbacks are costly to Steetley

ALTHOUGH including full-year results of Gibbons Dudley for the first time, the Steetley Company reports a fall from £23.51m to £18.23m in pre-tax profits for 1980. Only two months trading by Gibbons Dudley is included in the 1979 comparative figures. The final dividend is unchanged at 6.5p for a same-again total of 10.5p.

External sales rose from £297.5m to £345.73m, and these resulted in a trading surplus of £36.48m (£36.42m).

The pre-tax figure was struck after depreciation higher at £11.62m (£9.01m) and interest payable of £6.99m (£3.9m). There was a substantial reduction in UK tax at £720,000 (£3.36m), but overseas tax amounted to £2.67m (£2.06m).

Exchange losses on consolidation of overseas profits reduced the pre-tax surplus by £594,000.

Lord Boardman, the chairman, says that despite profits being lower, the results are satisfactory, especially against the background of industries served.

The UK construction industry, a major market to Steetley, was badly hit by the recession and by the cut-back in public expenditure, the main burden of which fell on the public sector.

The production of UK steel was only half the level of the preceding year and this had a significant impact on some parts of its business. The chemical industry worldwide has been going through a most difficult period

The group did well overseas, says Lord Boardman. Exports and overseas earnings increased, the latter now being 37 per cent of group profits.

Pre-tax profits are reduced to £5.9m (£12.9m) on a CCA basis.

Steetley has interests in mineral extraction and processing, production and construction materials, refractories and chemicals, plant engineering and the distribution of chemicals and industrial and electrical supplies.

● comment

Steetley's figures are very satisfactory considering the state of many of its customer industries. There would probably have been a fall of a third or thereabouts at the earnings per share level even without the acquisition of Gibbons Dudley, which appears to have put in a respectable first-time performance. The group's overseas businesses have held up well, as have the construction industry interests at home—the most worrying aspect remains the exposure of Steetley's refractory side to the steel industry, even though this is being rapidly reduced. Steetley looks after its assets well, and profits should push ahead this year. Although the dividend may still not be covered on a current cost basis in 1981 it looks safe enough, and the yield at 178p—high enough for now—is 8¼ per cent.

Sale Tilney 11% lower at £1.9m

A DROP of 11.3 per cent from £2.18m to £1.94m in pre-tax profits is reported by Sale Tilney, industrial holding company, for the year to November 30, 1980. Turnover fell by 2.8 per cent from £66.25m to £64.4m.

The final dividend is increased from 3.6p to 4p for a total of 7.5p—an increase of 11.1 per cent from the previous year's 6.75p. Stated earnings per 25p share are down from 38.7p to 30.8p, but net asset value per share has improved from 188p to 206.8p.

The chairman says that with so many economic uncertainties, it is impossible to make any reliable forecast at this stage of the financial year. He says the company is in sound financial health and well-placed to take advantage of opportunities for profit as they occur.

Pressac in loss but optimistic

HIGH INTEREST rates and the strong pound reduced exports and profit margins of Pressac Holdings, plunging it into the red for the half year to end-January 1981.

The Nottingham-based electro-mechanical component manufacturer and precision engineer reports a pre-tax loss of £112,318, against a profit of £275,621 in the corresponding period. Turnover was down from £4.75m to £3.74m.

An interim dividend of 0.35p is being paid, against 0.5084p last time, but Mr. G. W. Clark, chairman, says the group's trading position is expected to improve and the directors hope to maintain the net total payment. The loss per 10p share was given as 1.2p compared with earnings of 1.32p previously.

After a tax credit of £25,000, against a charge last time of £143,000, and a credit from minorities of £12,711 (debit £5,907), the loss attributable to shareholders was £74,607, compared with a profit of £126,214.

For the year to July 30, 1980, the group reported a pre-tax profit of £289,332.

In a statement Mr. Clark says that after the initial setback of the first quarter, there has been an improvement in the last three months.

He says the group has continued investment in new tooling at an unprecedented rate, with a total of £316,000 for the half year.

But the benefits have been delayed by the recession and the real reward can only come with a revival in economic activity at home and abroad.

The electronic components and the specialised machine building sectors show signs of increasing demand and this gives the directors confidence in believing the worst of the recession is over, he adds.

During the half year, Mr. Clark says the Board laid the foundation of two new companies. Both are joint ventures in which the group holds 60 per cent stakes.

Midway progress by Mucklow

AN INCREASE in investment income from £1.53m to £1.76m more than offset a fall in trading profits at A. and J. Mucklow Group and as a result, pre-tax surplus of this industrial property and trading concern moved forward from £1.71m to £1.81m for the six months to December 31, 1980. And an overall improvement is anticipated for the second half.

Although economic conditions will have a continuing adverse effect on results for the second period, investment income should continue to rise, says Mr. Albert Mucklow, the chairman. Profits from trading are expected to pick up and there will be a full six months benefit of the rights issue proceeds.

Earnings per 25p share rose from an adjusted 2.58p to 2.72p and the net interim dividend is stepped up to 1.88p (1.6p) on increased capital — last year's final was 2.2842p on £3.71m taxable profits and Mr. Mucklow reaffirms the board's intention to recommend a 2p final this time.

The drop in group trading profits from £182,000 to £48,000 reflected a loss by the reconstructed stone division. This was due to a substantial fall in demand and removal costs arising from the decision to close two old manufacturing sites in Shropshire, in order to concentrate production in the new plant in the Cotswolds. The two sites have since been sold for £1m, giving rise to a surplus over book value of £0.8m. Turnover from trading activities rose from £3.34m to £4.11m.

The higher investment income reflected rent reviews plus new factory space coming on rent. Gross rentals were up from £2.27m to £2.77m.

Tax charge for the first half was £360,000 (£340,000).

Decrease at F. W. Thorpe

TAXABLE PROFITS of F. W. Thorpe, maker of lighting equipment, dropped from £400,370 to £273,717 for the half year to December 31, 1980, on lower turnover of £2.01m, against £2.24m.

Export sales are being maintained, although at reduced margins due to keen international competition and the high pound. The home market remains depressed and no signs of a positive improvement are seen.

The net interim dividend is held at 1p per 10p share—the total last time was 2.45p on pre-tax profits of £784,365.

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Due to the impending retirement of the existing Directors, this well established and profitable Company, based in the Home Counties, is offered for sale.

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For further information contact: Box G6997, Financial Times, 10 Cannon Street, EC4P 4BY.

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OFFICES SERVICES COMPANY FOR SALE. London. Provide single rooms with reception and telephone services. Price £110,000. Write Box G.6994 Financial Times, 10 Cannon Street EC4P 4BY.

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SUPERBLY REFURBISHED and Completely Self-contained Offices, 5,100 sq. ft. W. Ealing. All modern amenities, parking facilities. Immediate possession. Barlow Graham 01-734 1119.

FOR SALE

By direction of David C. Lovett, BA, ACA, Liquidator of Buttons Limited (recently trading from two DIY shops).
Stock in Trade
Leasehold Premises
Situated: Stourport on Severn and Worcester
Offers and further information from Little & Co., Chartered Accountants, All Saints Chambers, Eign Gate, Hereford. (0432-54222).

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Assets of a Group of Companies involved in

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M. A. Jordan
Guildhall House,
81/87, Gresham Street,
London EC2V 7DS.

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based in East London with good orders (approximately 80% export). Leasehold factory approximately 18,000 sq ft, turnover approximately £440,000. Fully equipped with plant, machinery, stock, etc., including goodwill.

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Tel: 01-377 0137

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100% Share Capital of Irish Manufacturing Co

(10% Tax Rate)

Well established, profitable, in Grant Aided New Factory with adjoining industrial site. Contact: Fitzgerald Deasy & Associates, 6 Sullivan's Quay, Cork
Tel: (0002) 506566 - Telex: 28476

FOR SALE

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Principals only to apply
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WILLIAMS, SINGER & CO.
61 Bewsey Street, Warrington
WA2 7JQ - Tel: Warrington 35638

Auto Accessory Manufacturer/Wholesaler for Sale

Small, well-known company specialising in the manufacture and distribution of Car Accessories. Established 16 years. 1981 Turnover projection £80,000-£100,000. Leasehold premises available if required or easily relocated. All or part of equity for sale. Merger or other ideas considered.

Write Box G.6992, Financial Times 10, Cannon Street, EC4P 4BY

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Profitable despite recession, wishing to retire 2/3 years' time, seeks buyer
Price required around £250,000
Principals only apply in confidence to Box G6989 Financial Times 10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE

United States of America—East Coast Wholesale Distributor of Auto Parts
Sales Volume—$25 Million
Well Established—Profitable History
Price—Approx. $3 Million

Contact:
STANDARD RESEARCH CONSULTANTS
26 Broadway, New York, NY 10004
United States

GOODWILL AND ASSETS FOR SALE — Long established West Country Food factory specialising in widespread distribution of frozen Cornish pasties, etc. Factory premises of 7,500 sq. ft. on long lease. Turnover approximately £400,000. Modern well maintained plant. Full details Box G.6981, Financial Times, 10, Cannon Street, EC4P 4BY.

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25 Poole Hill, Bournemouth
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Apply: KNIGHT FRANK & RUTLEY
London Office (tel: 01-629 8171)
Ref: (KWS/91582)

HOTEL FOR SALE AS GOING CONCERN, Meriden, Centre of England, close N.E.C. 8 Letting Rooms. Character Building. £89,500 Freehold. Details Collins, Son & Harvey, 1584 High Street, Knowle, Solihull. Tel. Knowle 4251.

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If you are a shareholder in a successful private company earning pre-tax profits of between £100,000 and £250,000 per annum and have not yet considered the benefits of selling to a public group; then we should like to hear from you. We are a fast growing company with a proven management team and can offer an exciting future to principals joining the group at a formative stage of its development. Although our current activities are biased towards the distributive trades, all propositions will be considered the prime requirement being that the company is profitable and well managed.

If you are interested please write immediately to:
Box G6744, Financial Times, 10 Cannon Street, London EC4P 4BY, setting out a brief background to your company.

Alternatively telephone 028-14 5622 to arrange an informal discussion with the Chairman. All enquiries will be treated in the strictest of confidence

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THE ELECTRONIC AND HIGH TECHNOLOGY ENGINEERING GROUP

SEEKS GROWTH COMPANIES WITH PRETAX PROFITS IN EXCESS OF £300,000 P.A.

We offer to owners of successful private companies an attractive future with fellow entrepreneurs — security and high financial reward — Cash/Share consideration tailored to suit you.

Principals please write with complete confidentiality to the Managing Director, United Engineering Industries Limited, Walworth Industrial Estate, North Way, Andover, Hampshire SP10 5AJ.

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To be paid for an expanding business currently earning between £200,000 and £1,000,000 p.a. by a successful public company

Please contact:
The Chairman, Box F1960, Financial Times 10 Cannon Street, EC4P 4BY, or telephone 01-278 9635 to arrange a confidential meeting

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EXPANDING ELECTRONICS COMPANY

To maintain the growth of this young company we are seeking to acquire whole or majority shareholdings of established companies operating in electronics or engineering fields but now facing liquidity problems. This will be of particular interest to retiring shareholders or larger groups seeking divestment. Key criteria include: profitable product line, turnover £200K-£1m p.a., S.E. England location.

It is expected that all competent members of the management team would be retained to play an important part in the future of the strengthened company.

Replies in strictest confidence to Box G6987, Financial Times 10 Cannon Street, EC4P 4BY

£1 MILLION AVAILABLE

Public company wishes to purchase businesses in the following fields and have over £1 million available:

Insurance Broking
Wholesaling/Distribution
Retailing
Small Engineering
Storeage/Warehousing
Security Systems

If you are interested, please telephone T. H. Barnes or M. J. Teacher at 01-486 2234 or write for our attention at 3 Wimpole Street, London W1H 9DE

Wanted by reputable industrial group

PORTABLE CABINS HIRE BUSINESS

Controlling interest or outright purchase. Expansion-minded management welcome to remain.

Please write in strict confidence to: Box G6972, Financial Times, 10 Cannon Street, EC4P 4BY.

SUBSTANTIAL Private Company

wishes to acquire a controlling interest in a UK trading company with UK taxable profits of £100,000 per annum. Areas of interest include: London, South West or North East. Import, Export or Distribution. Electronics, leisure, pubs and clubs. Security and control equipment

Please reply to Box G6993 Financial Times 10 Cannon Street, EC4P 4BY

BUSINESS WANTED

Experienced manager recently returned from abroad seeks to purchase a company with following characteristics:
1. Price range £250,000 to £450,000.
2. Light manufacturing, wholesale, retail or service.
3. Anywhere in UK.
4. Recovery situation considered.
5. Retirement situation or company spin off ideal.

Write to Box G6988, Financial Times, 10 Cannon Street, EC4P 4BY.

CATERING DISPOSABLES EAST MIDLANDS

Well established disposable distributor wishes to purchase either:
1. A distribution company supplying the catering market in the Midlands area.
2. A small manufacturer of disposable products.

Please contact:
Box G.6990, Financial Times
10, Cannon Street, EC4P 4BY

Litho Printing Company Required

For merger or takeover. Must have a turnover of £400,000
All enquiries will be treated in strictest confidence

Write Box G6986, Financial Times 10 Cannon Street, EC4P 4BY

ENTREPRENEUR

WISHES TO ACQUIRE CONTROLLING INTEREST IN:

Small-medium-sized company in one of following:
— electronics manufacturing or distribution
— office equipment manufacturing or distribution
Existing management interests protected

Write Box G.6985, Financial Times 10, Cannon Street, EC4P 4BY

ENERGY SAVING

Equipment and services companies wanted for acquisition by major private group. Any size considered. Must serve industrial energy users. Could be manufacturing firm, agent/importer or energy saving consultancy. Please write in confidence to:

Box G6982, Financial Times 10 Cannon Street, EC4P 4BY

SOUTH LONDON medium size lithographic company wishes to purchase similar organisation, preferably in London. Interested parties reply to Box G.6973, Financial Times, 10, Cannon Street, EC4P 4BY.

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هكذا من الأجل

Pillsbury raises earnings despite grain setback

BY OUR FINANCIAL STAFF

THE GRAIN merchandising division of Pillsbury, the U.S. foods group which includes the Burger King and Green Giant brands had a substantial setback in the third quarter, said the Board. Nevertheless, with the company's food and restaurant businesses still growing, net earnings for the quarter rose 9.5 per cent.

The company repeated its forecast of full-year earnings above $5.90 a share. Last year it earned $5.22 a share, with agricultural products bringing in 28 per cent, consumer foods 34 per cent and restaurants 38 per cent of total net profit of $105m.

At the nine-month stage, earnings were up 12.4 per cent at $89.2m or $4.44, on sales 10 per cent higher at $2.44bn. The third quarter contributed $21.7m or $1.08 on sales 9.8 per cent ahead at $825.4m. This year's third quarter takes in 44 cents a share, gained from settlement of claims against Folding Carton and also provides against an estimated 34 cents a share loss from closure of certain vegetable processing plants.

The board said that the grain merchandising business had reported substantially lower operating profits in the third quarter ended February 28. Margins were lower because of an unfavourable industry environment.

Overall, the company remains confident of further growth. While the U.S. restaurant industry has problems, Pillsbury is expected to expand in the sector. Its consumer foods also continue to make progress, with new lines, such as Totino's Pizza expected to provide strong gains.

At the end of last year the Burger King fast food chain consisted of more than 2,700 units, most of which were franchised, with Seak and Ale and Poppin Fresh Pies restaurants, also performing strongly.

The agricultural product businesses sells flour, prepared mixes and baking equipment, as well as milled riceand grain.

Last year was a very strong period for agricultural products, and this year's results are likely to suffer by comparison. Profits from this side of Pillsbury's business were already on the slide at the beginning of this year. However, a lower rate of tax charges helped to cushion the fall.

Food downturn hits General Mills' income

By Our Financial Staff

GENERAL MILLS, a leading factor in the U.S. packaged foods industry, reported flat profits in the third quarter ended February 22 after strong growth in the first half.

Net profits were $31.2m against $31.3m a year earlier. Sales were $1.1bn compared with $975.4m. This brought nine-months profits to $159.6m, or $3.17 a share, up 17.5 per cent from $135.8m or $2.69 a year earlier. Sales rose 14 per cent to $3.6bn.

Results from the food sector trailed those in the third quarter of last year. Restaurant operating earnings rose 20 per cent while most of its toy units had an improved performance that offset weak pre-Christmas sales of electronic games.

Woolworth to sell stake in Mexican operations

BY OUR FINANCIAL STAFF

F. W. WOOLWORTH, the U.S. retail chain which controls Woolworth in the UK, is attempting to sell 51 per cent of its Mexican subsidiary, disclosed Mr. Edward F. Gibbons, chairman.

He pointed out that Woolworth is prohibited by law from opening new stores in Mexico and said proceeds from the sale of an interest in the Mexican operation will be available for "promising growth elsewhere." He also said Woolworth is in the process of selling off all its real estate in Spain.

Earlier this month the company reported 1980 net earnings of $161m on sales of $7.22bn, down from $180m on $6.78bn in 1979.

Mr. Richard Anderson, president, said Woolworth's Kinney division plans to open and test three factory outlet shoe stores this year which will feature national brand names, as well as Kinney's own factory goods at discounted prices.

The group's J. Brannam subsidiary plans to open additional new stores this year, including 10 in Denver and Indianapolis next month.

Woolworth will open 85 Foot Locker Stores in 1981, of which 72 will be in the U.S. Foot Locker is Kinney's brand name athletic footwear store chain.

Despite plans for adding new stores, Mr. Gibbons said that Woolworth has a programme in hand for closing inidividual stores and groups of stores in markets "where our presenece is too small to justify sitting on real estate more valuable to others."

Opposition mounts to Bell bid for Elder

By Our Sydney Correspondent

BELL GROUP, controlled by Mr. Robert Holmes A'Court, the West Australian entrepreneur, has run into stiff opposition to a A$105m (U.S.$123m) bid for Elder Smith Goldsbrough Mort, the diversified industrial group, with particular interests in servicing agriculutre.

The directors of the Adelaide-based Elder advised shareholders against accepting the offer, and the ruling State Liberal Party and the Labor Party opposition are poised to close ranks to thwart the bid.

The Elder board was informed of the offer yesterday afternoon and immediately asked the State Government to consider the introduction of legislation limiting single shareholdings in the company to 10 per cent of the capital.

Sir Norman Young, the Elder chairman, said in his statement advising shareholders that the acting State Premier, Mr. Roger Goldworthy, had said he would consider the proposal.

"On the information presently available," Sir Norman added, "it was most unlikely that the Elder board would recommend acceptance of the Bell offer."

Mr. Goldsworthy confirmed that the Government had been approached by the Elder board to seek assistance.

Mr. Holmes a'Court sprung his partial bid through his Bell Group flagship, using his 8 per cent stake in Elders as a launching pad. He announced that he was seeking another 42 per cent of Elder to take his shareholding to a total of 50 per cent.

... The bid price is A$4 for each of the fully paid shares and A$3 for each of the partly-paid shares resulting from the group's recent one-for-five issue. The offer is ex the interim dividend of 50 cents a share and is subject to pro-rata apportionment in accordance with each shareholder's acceptance. It puts a value of A$240m on Elders.

Elder shares have traded in the market this year at levels as low as A$3 each and as high as A$3.60.

Mr. Goldsworthy, the acting Premier, said the Government was normally loathe to interfere with commercial transactions, unless they were considered to be against the public interest. However, after the request from the Elder board the matter would be discussed in detail by the Cabinet on Monday.

The Government has previously intervened to block takeover offers for three other South Australian companies, the natural gas producer, Santos, the Executor Trustee Company of S.A. and the S.A. Gas Company.

The timing of the offer sparked claims in South Australia that Mr. Holmes a'Court had breached the recently introduced rules for synchronising takeover bids by announcing his intentions to the Perth exchange after the eastern stock exchanges had closed, given the two hour time difference between the two coastlines.

Elder shares put on 320 cents to A$3.85 by the close in Sydney, after intense speculation in the market that a bid was expected.

Getty takeover of Canadian Reserve rejected

THE CANADIAN CABINET has refused to allow Getty Oil of the U.S. to acquire control of Canadian Reserve Oil and Gas.

Government approval for Getty's plan to acquire about 86 per cent of the Calgary-based oil company was required under the Foreign Investment Review Act.

Getty bought the stake as part of its U.S.$628m purchase last year of Reserve Oil and Gas of Denver.

Canadian Reserve, the Canadian branch of the Denver company, said it has been told that Getty will consider its course of action after it has determined its options.

Canadian Reserve is active in oil and gas exploration, development and production, mainly in Western Canada. It is also involved in pipeline operations, natural gas processing and sulphur production.

Campeau sells Trustco shares

By Our Financial Staff

CAMPEAU CORPORATION, the property development group which late last year launched an unsuccessful bid for Royal Trustco, Canada's leading trust company, is to sell its holdings in Trustco to Olympia and York Developments, which recently won a bidding duel for Abitibi-Price, the world's largest newsprint company.

Olympia and York said the purchase of the 1.23m common shares and 312,500 preferred shares would take its holding in Trustco to 23.3 per cent.

Two further fixed rate dollar bonds launched

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

TWO MORE fixed rate dollar Eurobonds were announced yesterday bringing the total launched so far this week to $360m.

Both the latest bonds, $100m for Chemical Bank and $50m for Southern California Edison, are being led by Credit Suisse First Boston. The first, which is a seven-year issue, is being offered on a yield basis with indicated yeld of 13¼-⅜.

Indicated coupon of the second issue is 14 per cent over six years. Final terms will be set next Wednesday.

Despite the spate of new issues the secondary market is holding up fairly well. Prices of seasoned issues gained about ½ point yesterday as Eurodollar interest rates continued to edge lower.

The new issues themselves have been generally well received, and one, the five-year bond for American Airlines, was increased yesterday to $55m from $50m while the coupon was cut to 15¼ per cent from 15½ per cent by lead managers Merrill Lynch and Salomon Brothers.

In the convertible sector, however, dealers reported initial resistance to the $75m bond for Pepsico which is due to start secondary market trading today.

At one stage the bonds were being quoted in the unofficial, or gray, market at about 95p, but with an improvement in the underlying stock price some of the resistance evaporated yesterday and the bonds are expected to begin official trading in the 98-98½ per cent range.

Sweden's £50m bulldog bond was a major success, however, with subscriptions far exceeding supply. The bonds have been awarded a coupon of 13½ per cent and the issue price has been set at 99.742 per cent.

Also well received was the French, Franc Eurobond for Swedish Export Credit which has been raised to FFr 250m from FFr 200m by lead managers Credit Commercial de France. The five-year bonds bear a coupon of 14¾ per cent.

In the D-Mark sector Deutsche Bank launched a DM 100m bond for the Asian Development Bank. The coupon was set at 10 per cent over 10 years with issue price at 100½.

This is a slightly lower yield than was expected a few days ago, but it has been made possible by the continued firmness of the secondary market where prices yesterday advanced by a further ½ point.

Fine terms on $1bn Mexican credit

By Francis Ghilès

BANOBRAS, the Mexican state public works bank, has confirmed Bank of America in the role of agent bank for a $1bn six-year "bullet" credit with full payment on maturity. The banks which join the management group — on the basis of a $100m each—will have the choice between a ½ per cent margin over the London interbank rate and a ⅜ per cent margin over the U.S. prime rate. The management fee is ½ per cent.

The terms on the loan are those which Banobras had insisted upon at a meeting eight days ago in New York, at which 10 banks were present. At that meeting some of the banks argued that a higher management fee was necessary if the loan was to achieve a good sell-down in the market.

Other participants, notably the French banks, had no such reservations and the meeting ended without any general agreement on terms. It is not yet certain that the 10 banks present at that meeting will agree to stay as managers.

Those who do will offer paper they have underwritten in the market for three years at an undisclosed margin, which is likely to be somewhat lower than what they are being paid by the borrower.

The terms on this loan suggest that Mexican borrowers can still raise large sums of money in the international capital markets on fine terms.

Nomura plans EDR issue

BY JOHN MAKINSON

NOMURA SECURITIES Company, Japan's largest securities house, is raising new capital through the issue of dollar-denominated European Depository Receipts, which will immediately be convertible into common stock. The issue is expected to raise about $70m.

Nomura is issuing the equivalent of 40m shares and will price the offer at a discount on the Tokyo market price at the end of this month. The company's shares closed at Y393 ($1.89) in Tokyo yesterday.

The issue has strengthened the speculation that Nomura is planning to establish a subsidiary in London. Japanese securities houses are understood to be seeking banking status from the Bank of England and the planned EDR issue would provide Nomura with start-up capital should approval be granted.

The issue is being made through a consortium of 32 managers, headed by S. G. Warburg. It is expected to attract strong interest in the Middle East, where a sizeable portion of other recent EDR issues by Japanese companies have been placed.

The shares will be listed, in the form of EDR's, on the Luxembourg stock exchange and will be sold in denominations of 1,000.

ANI on course for record annual result

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN NATIONAL Industries, the Sydney-based diversified engineering group appears set to return its 14th successive record in annual profit after a 16.6 per cent earnings improvement in the seven months to January 31, from A$9.32m to A$10.86m (U.S.$11.7m). Turnover increased from A$260.8m to A$302.5m.

The interim dividend was lifted from 5.4 cents a share to 5.7 cents, and the directors said they expected there would be a dividend increase in the full year.

The group tax charge rose from A$6.4m to A$7.45m and the interest bill rose 11 per cent, from A$4.58m to A$5.12m. Depreciation eased from A$2.6m.

Mr. John Laird, the managing director, predicted that ANI would achieve half of its turnover directly or indirectly from resource development related activities by the end of the financial year.

"The company continues to benefit from its involvement in servicing the needs of the mining and resource based industries, from which we are already obtaining very satisfactory business for a number of our division."

"For example, in our heavy engineering divisions, as a result of orders booked for additional draglines and other heavy engineering work for the fabrication, construction and project departments, our order book now stands at seven times the level of a year ago."

The heavy engineering business of ANI Sargeants produced results significantly ahead of those in the previous financial year, while Capitol Motors, New South Wales Datsun and BMW franchise holder, topped the previous year's increase.

"Although the overall automotive market has not been exciting, our vehicles have been well received in the market place and we have reduced our costs of operation and improved our efficiency," Mr. Laird said.

"The results from our investment division, which manages our shareholdings in our associated companies, Bradken Consolidated, Comeng Holdings and Spedley Securities, showed an increase over those achieved last financial year."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday, April 14. Closing prices on March 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¼ 88	75	97⅝	97⅞	0	+1⅞	13.78
CECA 11½ 88	100	90⅜	90⅞	+0½	+2	13.61
CNE 12¾ 92	100	94¼	94⅝	+0⅛	+2⅛	13.81
Citicorp O/S Fin. 10 86	300	87⅝	88⅛	+0⅛	+1⅞	13.30
Citicorp O/S Fin. 12 87	200	93⅜	93⅞	+0⅛	+2⅛	13.48
Con. Illinois O/S 9¾ 86	150	85½	86	+0¼	+1⅝	13.68
Denmark 11¾ 90	100	87	87½	+0¼	+1⅝	14.30
Dupont Canada 13½ 91	65	97⅝	98⅛	+0¼	+1⅞	13.88
EEC 11 95 (May)	75	82¼	82⅝	+0¼	+1⅞	13.87
EEC 11 95 (August)	70	80⅛	80⅝	0	+1⅜	14.23
EIB 13¾ 90	100	98¾	99¼	+0⅛	+2⅛	13.93
Eksportfinans 9½ 87	75	83⅜	83⅞	+0⅛	+1⅞	13.48
Eldorado 13¾ 86	50	97⅛	97⅝	+0¼	+1⅜	13.94
Elec. de France 10 88	125	84	84½	+0⅛	+2	13.50
Elec. de France 13 88	125	97⅛	97⅝	+0¼	+2⅛	13.56
Export Dv. Cpn. 12¾ 87	100	96⅜	96⅞	+0⅛	+2⅛	13.57
Export Dv. Cpn. 9½ 86	150	85½	86	+0⅛	+1⅝	13.70
Fed. Bs. D. 12⅞ 85 (N)	50	95	95½	0	+0⅞	13.64
Fin. Exp. Credit 10½ 85	50	87⅝	88⅛	+0⅛	+0⅜	14.44
Finland, Rep. of 9½ 86	100	82⅞	83⅜	−0⅛	+0⅜	14.66
Ford Credit O/S 14⅜ 83	150	99⅝	100⅛	+0⅛	+1⅛	14.53
Ford Cr. O/S Fin. 16 84	150	104⅜	104⅞	+0⅛	+1⅛	13.92
Gaz de France 13½ 86	80	99⅞	100⅜	0	+1⅞	13.43
GMAC O/S Fin. 12 87	100	91½	92	+0½	+2⅛	13.96
GMAC O/S Fin. 12⅞ 88	100	94¼	94¾	+0⅛	+2⅛	14.16
Gen. Mtrs. O/S 11⅜ 87	100	90½	91	+0⅛	+1⅜	13.94
GTE Fin. 13¾ 86 (WW)	50	99¼	99¾	+0⅛	+1	13.88
Hudson's Bay 11½ 90	75	87⅛	87⅝	+0½	+1⅞	13.99
IBM Wld. Trade 12½ 88	200	97⅜	98⅛	0	+2⅛	12.94
Newfoundland 13½ 90	60	96½	97	+0¼	+2⅛	14.14
Nova Scotia 10¾ 90	50	84¼	84¾	0	+1⅞	13.80
OKB 10 85	50	88½	89	0	+1⅛	13.56
Ontario Hydro 13½ 91	100	97⅝	98⅛	+0½	+2⅛	13.89
Quebec Hydro 11½ 92	100	85¼	85¾	+0⅛	+2⅛	14.12
Queb. Hy. 13 91 (WW)	100	93⅞	94⅜	+0⅛	+2	14.12
Roylease 11¾ 85	50	92	92½	−0⅛	+1	13.74
SNCF 12⅜ 85	50	96⅞	97⅜	+0⅛	+1⅞	13.29
SNCF 13 91	75	96	96½	+0¼	+2	13.70
Sven Handelsbk. 13¾ 88	45	97⅛	97⅝	0	+1⅛	14.35
Sweden 12½ 85	150	95⅛	95⅝	+0⅛	+1⅛	13.68
Swed. Ex. Credit 12 83	50	94⅞	95⅜	+0⅛	+1	14.39
Swed. Ex. Credit 13 86	75	96⅜	96⅞	+0⅛	+1½	13.97
Tribune O/S Fin. 14 86	50	99⅛	99⅝	+0⅛	+1½	14.17
World Bank 9¾ 85	200	88⅞	89⅜	+0⅛	+1⅛	13.23
World Bank 10¼ 87	300	86⅞	87⅜	+0⅛	+1⅞	13.46

Average price changes... On day +0⅛ on week +1⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8½ 90	100	90⅝	91⅛	+0⅛	+2⅛	9.85
Australia 8½ 90	250	95⅜	95⅞	[illegible]	+2⅛	8.87
Austria, Rep. of 8¾ 92	150	90⅜	90⅞	+0⅛	+1⅞	9.64
BFCE 8½ 95	100	87⅞	88⅛	+0⅛	+1½	9.77
CECA 7⅞ 92	150	88½	89½	+0⅛	+2⅛	9.48
Cll-Honeywell 8½ 90	125	92	92½	+0⅞	+2½	9.63
Denmark 8¼ 92	100	89¼	90	−0⅛	+0½	9.84
EIB 8½ 90	200	92½	93¼	+0¼	+0½	9.66
ESCOM 9¾ 87	100	91½	92¼	−0⅛	−0½	11.02
Iberduero SA 9 90	100	92½	93¼	+0⅛	+1	10.20
Ind. Bk. Finland 8½ 90	50	90¾	91½	+0¼	+3¼	9.96
Japan Air Lines 8¼ 87	100	93⅞	94⅜	+0¼	+1½	9.31
Japan Dev. Bank 7⅞ 87	100	90⅝	91⅛	+0⅛	+1⅛	9.54
Kobe, City of 8 90	100	90⅞	91⅜	+0⅛	+2⅛	9.44
Midland Int. Fin. 8½ 90	180	94⅛	94⅞	+0⅞	+2⅜	9.38
Norway 7½ 85	250	94½	95⅛	+0⅛	+1⅛	9.13
Nuclebras 9¾ 88	100	87	87½	+1	+2	12.40
OKB 8¼ 92	150	89⅞	90⅛	+1½	+2⅛	9.70
Oslo, City of 8¾ 90	80	95¼	96	+0⅛	+2½	9.49
Venezuela, R. of 9¾ 90	150	94⅝	95⅛	+1⅛	+1½	10.58
World Bank 8 90	700	89½	90¼	+0¼	+2	9.68
World Bank 10 86	150	103	103⅝	+0⅞	+0½	9.13
World Bank 10 90	200	102½	103¼	+0⅛	+0½	9.51

Average price changes... On day +0½ on week +1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	92⅝	92⅞	0	+1¼	6.42
BFCE 6½ 91	100	102	102¼	+0⅛	−0⅛	6.20
Bayer Int. Fin. 5¾ 92	100	92¼	92½	+0¼	−0½	6.19
Bergen, City of 6 90	50	†96½	97	+0⅛	+0½	6.48
Buhrm'n-Tetterode 7 90	40	101⅝	101⅞	+0⅛	0	6.73
Copenhagen Tele. 5¾ 90	60	91⅝	91⅞	0	+1	6.96
Denmark 5¾ 90	80	90¾	91	+0⅛	+0⅛	7.12
Dome Petroleum 5¾ 91	100	93¾	94	−0⅛	+0⅛	6.61
Elet. de France 5¾ 90	100	93¼	93½	+1⅛	+1½	6.19
Eurofima 5¾ 92	80	99½	100	+0⅛	+0⅛	5.78
F. G. H. Hypo. Bk. 6 90	50	†96	96½	−0¼	+0¼	6.55
Finland, Rep. of 5⅛ 90	80	91	91½	−0⅛	+0⅛	6.91
Int.-Amer. Dev. 7 90	80	101	101¼	−0⅛	−0½	6.83
Japan Dev. Bank 5¾ 90	100	94⅛	94⅜	0	+1⅛	6.54
Jutland Tele. 5½ 90	50	89⅝	89⅞	+0½	+1½	7.09
Mt. Blanc Tunnel 5½ 90	60	†92½	93	+0½	+0⅞	6.55
Newag 5¾ 90	80	93	93¼	+0⅞	−0⅛	6.76
Norges Komm. 4¾ 91	100	84¼	84½	−0⅛	+0⅛	6.46
OKB 6 90	100	96¼	96¾	+0⅛	+1¼	6.52
Oslo, City of 4⅞ 91	100	82⅛	82⅜	+0½	+0⅛	6.77
Oslo, City of 5⅞ 90	80	93⅛	94	−0⅛	−1	6.76
Philips Lamps 5¾ 92	100	90	90¼	−0⅛	+0⅛	6.50
Sekisui Pre. Hms. 6 90	80	96½	96¾	+1⅛	+2	6.49
Trade Dev. Fin. 6⅛ 90	50	97	97¼	+1⅛	+2⅛	6.53
Voest-Alpine 5¾ 90	80	93	93¼	−0⅛	+0⅛	6.75
World Bank 6 91	100	94⅞	95⅛	0	+0⅛	6.70

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93¼	94¼	−0⅛	+0⅞	8.38
Australia 6½ 88	20	87⅝	88⅛	−0⅛	+0½	8.88
EIB 7⅛ 89	12	93¼	94¼	0	+0½	[illegible]
Finland 5.6 83	10	92¼	93¼	0	+0⅞	8.78
Finland 6.8 88	10	87⅞	88⅝	0	+0¼	9.15
Finland, Rep. of 8½ 87	15	97⅝	98⅛	−0¼	+0¼	8.38

Average price changes... On day −0¼ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 86 C$	60	91⅛	92⅛	0	+0¼	12.88
CIBC 13½ 85 C$	50	97⅜	98½	0	0	14.09
CIBC 11½ 85 C$	60	91⅜	92⅛	−0⅛	−0⅛	14.12
Federal Dev. 11½ 90 C$	60	†86	87	+0½	+1	14.16
Fst. Can. Inv. 10 84 C$	50	†89¼	90	+0⅛	+0¼	14.27
R. Bk. Canada 10 86 C$	40	91¼	92⅛	+0½	+0¼	12.09
Tordom Cpn. 13½ 85 C$	30	†98⅛	99	+0¼	+0½	13.92

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	90½	91½	+0½	+0¼	10.40
SOFTE 8¾ 89 EUA	40	85½	86½	0	0	10.92
U. Bk. Nrwy. 9½ 90 EUA	18	97	98¼	0	0	9.91
Algemene Bk. 10¼ 86 Fl	60	97	97½	+0¼	+1⅛	10.99
Bk. Mees & H. 10 85 Fl	75	97½	98¼	+0¼	+0¾	10.52
Heineken NV 10 87 Fl	100	96½	97	0	+0⅞	10.71
Nat. Nedrlndn. 10 88 Fl	60	95½	96	−0¼	+1	10.90
Ned. Midd. Bk. 10 85 Fl	75	98¾	99¼	0	+0¼	10.29
Pierson 10¼ 86 Fl	50	98⅜	98⅞	0	+0¼	10.61
Aero Paris 13¾ 87 FFr	150	94¼	95½	−0⅛	0	14.41
Charb'nages 13⅞ 85 FFr	400	98⅞	99⅞	+0⅛	+1¼	14.01
CECA 14¼ 86 FFr	150	99¾	100¾	+0⅛	+1½	14.17
EIB 14½ 88 FFr	300	98⅞	99⅞	+0⅛	+0½	14.24
Finland 11 84 FFr	80	91⅛	92⅛	+0⅛	+1⅛	13.88
Gaz de France 11 84 FFr	150	91⅛	92⅛	0	+0⅞	13.80
La Redoute 14½ 85 FFr	125	96	97	+0⅛	+0⅛	15.41
OKB 14 86 FFr	400	99⅛	100⅛	+0⅛	+0⅞	14.09
Utd. Mex. Sts. 14 85 FFr	150	97⅛	98⅛	0	+0¼	14.75
Acona 14 85 £	20	95⅞	96⅝	+0⅛	+0⅛	15.11
Beneficial 14¼ 90 £	20	94⅛	94⅞	0	+0¼	15.36
BNP 13½ 91 £	15	96⅝	97⅜	+0⅛	+0⅛	14.06
CECA 13½ 88 £	20	96⅜	97⅛	0	+0⅛	14.15
Citicorp O/S 13½ 90 £	50	96½	97	+0⅛	+0½	14.14
Fin. for Ind. 14½ 88 £	20	100	100½	+0⅛	+0⅛	14.43
Fin. for Ind. 13¾ 87 £	20	98¼	98⅝	+0⅛	+0¼	14.09
Gen. Elec. Co. 12½ 89 £	50	95	95⅝	+0⅛	0	13.48
Peugeot SA 14 90 £	23	94⅜	95⅛	+0⅛	+0¼	14.95
Rothschild 14½ 90 £	12	98	98⅜	+0⅛	+0¼	14.53
Royal Trustco 14 86 £	12	99⅜	100⅛	0	+0¼	13.99
Swed. Ex. Cr. 15¼ 85 £	20	102⅞	103⅝	0	0	14.12
Banobras 8¼ 90 KD	7	†89½	90	0	0	10.02
CCCE 8¾ 91 KD	10	†82½	83	0	0	11.06
Sonatrach 8½ 90 KD	12	†92	92½	0	0	9.83
Akzo 9½ 87 LuxFr	500	87⅛	88⅛	0	+0⅛	11.86
Euratom 9¾ 88 LuxFr	500	90¼	91¼	+0⅛	+1⅛	11.78
Eurofima 10½ 87 LuxFr	500	95	96	0	+0⅞	11.48
EIB 9¾ 88 LuxFr	600	91¼	92¼	+0⅛	+1⅛	11.54
Volvo 9¾ 87 LuxFr	500	88⅜	89⅜	+0½	+0⅞	12.25

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99¼	100¼	2/7	16⅝	16.63
Bank of Montreal 5¼ 90	0¼	100¼	100⅝	18/6	19½	19.43
Bank of Tokyo 5¼ 89	‡0¼	98	98½	25/4	19.31	19.46
BBL Int. 5 86	0¼	99¾	100¼	20/5	16½	16.52
Bergen Bk. A/S 6 89	‡0¼	†98⅛	99¼	29/5	17⅛	17.30
BNP 5½ 88	‡0⅛	99¾	100⅛	29/4	18.69	18.71
CNT 5¼ 86	§0¼	99⅝	100⅛	16/4	13¼	13.27
Christiania Bk. 5½ 91	‡0¼	98⅛	98⅝	6/5	17⅝	18.02
Citicorp O/S F. 84	‡0	99¼	99¾	31/3	16.81	16.92
C. Itoh 5¼ 87	0¼	99⅝	100⅛	18/9	15.44	15.46
Co-operative Bk. 6 86	0¼	98	98½	15/5	15¼	15.52
Den Norske Credit 5 90	‡0¼	99	99½	5/5	17⅝	17.88
Genfinance 5¼ 87	0¼	99¼	99¾	30/4	15½	15.20
Giro und Bank 5¼ 91	‡0¼	98¼	98¾	23/3	20½	20.81
GZB 5½ 89	‡0¼	99½	100	1/5	17⅞	17.92
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/4	13.31	13.40
Ind. Bank Japan 5¼ 88	0¼	98⅝	99⅛	8/4	13⅛	13.27
Lloyds Eurofin 8 90 £	0¼	96⅞	97⅜	3/7	14½	14.93
Lloyds Eurofin 5¼ 92	0⅛	99	99½	4/6	17¼	17.38
LTCB Japan 5¼ 88	‡0¼	100⅝	101⅛	13/6	20.19	20.01
Man. Hanov. O/S 5¼ 94	‡0¼	98⅝	99⅛	20/5	17	17.17
Midland Intl. Fin. 5¼ 92	0¼	99⅜	99⅞	5/6	17.19	17.25
Nacional Fin. 6¼ 88	0¼	99⅝	100⅛	25/7	17⅛	17.77
Nacional Fin. 5¼ 88	0¼	98½	99	25/3	5½	5.57
Nat. West. 5¼ 94	§0¼	97⅝	98⅛	14/4	13¼	13.52
Nat. West. 5¼ 92	§0¼	98	98½	23/4	13.69	13.93
Nippon Credit 5¼ 87	‡0¼	99⅝	100⅛	6/5	17.44	17.48
Sparebanken 6 87	0¼	100	100½	19/6	19⅞	19.83
Standard Chart. 5¼ 91	0¼	100⅛	100⅝	3/9	17.06	17.00
Svenska Hndlsbk. 5 87	0¼	100	100½	15/7	17.81	17.77
Bq. Fx. d'Alg. 5¼ 89 SF	0⅛	*90⅛	90½	18/6	7½	8.30

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	98¼	99¼	+0¼	29.67
Canon 6¾ 95	1/81	829	118¼	119¼	+2½	5.00
Credit Suisse 4¾ 93	10/79	1273	98¾	100¼	+0½	−5.88
Digicon Fin. 8½ 95	10/81	29.5	99¾	101	−0¼	19.01
Hanson O/S Fin. 9½ 95	1/81	1.92	115¾	116¾	+4¾	−0.40
Ina Overseas 8¾ 2000	4/81	42	109¼	111	+5¼	3.87
Inchcape Ltd. 8 95	2/81	4.66	97¾	98¾	+1¼	2.59
Jaccs 7½ 95	11/80	585	134¼	135¼	+0¼	1.88
Kotobukiya Co. 7 96	4/81	619	101¾	102¾	−0¼	−6.50
Marion Int. Fin. 9 95	12/80	23.25	86¼	87¼	−0¼	66.28
Matsushita El. 7½ 95	11/80	590	106	107	+1¼	4.65
MEPC 8¼ 98	2/81	2.47	98½	99½	+2⅛	7.34
Niigata Eng. 7½ 96	1/81	327	99½	100½	0	2.49
Nissho-Iwai Co. 8 96	10/80	388	94¼	95¼	−0¼	−0.79
Ricoh 6¾ 95	8/80	604	118½	119½	+1½	2.96
Sumitomo M. Ind. 7 95	2/81	181	112¼	113¼	+0¼	4.97
Swiss Bk. Cpn. 6¾ 90	9/80	200	85¼	87½	+1½	13.33
Taylor Woodrow 8¾ 90	1/81	4.94	100¼	101¼	+1¼	1.86
Transco Int. 8¾ 95	2/81	68	88	89½	0	28.73
Tricorp 8½ 95	12/80	31.25	90½	92	+0¼	12.93
Union Bk. Switz. 5 89	2/80	121.4	84½	86½	+2	−11.99
Fujitsu 5 84 DM	7/79	431.5	128½	129½	−5¼	−5.56
Sharp Cpn. 6½ 88 DM	9/80	595	144¼	145¼	+1¼	−0.97
Uny Co. 6½ 85 DM	11/79	879.3	103¼	104¼	−0¼	6.46

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dutch bank damaged by house slump

By Charles Batchelor in Amsterdam

HOLLAND'S largest mortgage bank, Westland Utrecht Hypotheekbank reports a sharp fall in the 1980 profits and plans to cut its dividend by a third to Fl 16 a share. It sees no real prospect of an improvement in 1981.

Operating profit was halved to Fl 54.5m ($24m) last year. After making a special provision of Fl 20m to cover interest payments on unsold stocks of houses net profit was reduced to Fl 20.4m from Fl 55.7m in 1979.

The bank plans to start providing commercial property financing in the UK this year. The bank has concentrated its activities outside the Netherlands in West Germany, France, Belgium and Switzerland but now intends to finance projects in Britain, jointly with local banks and institutions.

WUH wants to expand business outside the Netherlands from the present small share in total activity. Foreign activities at present break even and a profit is not expected before 1984-85.

The bank granted Fl 1.95bn of new mortgage and other loans in 1980. After allowing for the redemption of Fl 980m, the total loan portfolio increased by 7 per cent to Fl 14.5bn ($6.4bn). It granted 13,200 new mortgage loans worth Fl 1.8bn, compared with 18,900 worth Fl 2.9bn the year before.

FFr 500m SOFT LOAN INJECTION

French aid for special steels

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is to inject FFr 500m ($100m) of soft loans into the country's special steels sector as part of a reorganisation aimed at creating one of the largest companies of its kind in Europe.

The deal brings together Usinor, France's largest general steel manufacturer, with the special steel subsidiary of the Creusot-Loire engineering and metals group.

Since both of these companies are making heavy losses at present, Usinor is to raise FFr 500m from the Government in the form of participatory loans, a special type of financial instrument which ranks as equity but on which companies pay interest depending on their profitability. This finance will enable the group to take on the FFr 900m of accumulated debts at Creusot-Loire Dunes, the Creusot-Loire steel subsidiary.

Creusot-Loire Dunes is then to be merged with Usinor's own Chiers subsidiary, creating a combined operation employing about 6,400 and generating a turnover of around FFr 2bn. ($420m) a year. Usinor will hold 75 per cent of this company with Creusot-Loire retaining the other 25 per cent.

Yesterday's announcement comes at a time when the West German Government is stepping up pressure on its European partners to reduce subsidies to their steel manufacturers. But the French industry, which has asked for EEC approval of the new agreement, is expected to push forward in the next few weeks with another similar link-up between Sacilor-Sollac and the special steel interests of Pechiney-Ugine-Kuhlmann.

These reorganisations form part of long-standing plans to reshuffle the French steel industry into two large groups, each of which cover a range of general and specialist activities.

The first stage of this restructuring came in the Government-backed rationalisation in 1978, which created the two main groups in their present form and injected susbtantial State funds to clean up their balance sheets and fund a drastic redundancy plan.

M. Claude Etchegaray, chairman of Usinor, said yesterday that the merger with Creusot-Loire Dunes made sense because bulk steel producers such as Usinor were increasingly moving towards manufacturing more specialised products.

After the financial restructuring, he expected financial charges of the new—and as yet unnamed—company to amount to about 4.5 per cent of turnover. "We can very quickly become a profitable company," he said.

M. Etchegaray said Usinor was expecting to invest about FFr 800m in the new concern over the next five years. None of this would go into new capacity. The objective was to rationalise the two operations, he said.

CGE takes stake in water utility

BY DAVID WHITE IN PARIS

COMPAGNIE Générale d'Electricité (CGE) has emerged as the most influential shareholder in the private sector water utility Compagnie Générale des Eaux, after weeks of mysterious share manoeuvrings on the Paris Bourse.

The reorganisation of the utility's previously widely-dispersed shareholdings is expected to lead to some reorganisation between the two near-namesakes, which between them had turnover of about FFr 60bn ($12bn) last year and which plan to co-operate in sectors such as solar energy where they both have interests.

In an operation reckoned to have cost CGE about FFr 150m, the electrical concern becomes the pivot of a group of shareholders controlling the biggest stake — 15 per cent — in Compagnie Générale des Eaux. CGE's partners in this group are Crédit Commercial de France and the Rivaud banking concern, which put up a further FFr 250m.

The packet of shares includes 6 per cent that are understood to have been handled by Banque Privée de Gestion Financière, the bank which achieved fame last year as the organiser of the takeover of Hachette, the publishers, by the Matra missiles and electronics concern.

CGE sai dthe share purchases were made in agreement with the Union des Assurances de Paris, which holds 8 per cent of the capital of Compagnie Générale des Eaux. A similar stake is held by the Caisse des Depôts et Consignations.

The areas of industrial co-operation envisaged by CGE in the agreement include new energy sources, energy-saving devices, water treatment, security systems and various kinds of equipment and services for local authorities.

Compagnie Generale des Eaux is one of two private sector companies which dominate the water distribution market in France. With a 1980 turnover of about FFr 14bn, it has diversified into a number of sectors, including building and heating systems.

The new shareholding group was patched together at the instigation of board members following a spate of share purchases by an unidentified buyer at the end of last year.

Finsider loss at L1,100bn

By Rupert Cornwell in Rome

FINSIDER, the holding company for the steel interests of the state owned conglomerate IRI, will report an overall loss of L1,100bn ($1.1bn) for last year, a deficit caused entirely by the financial charges on its debs.

This figure was given to a parliamentary committee yesterday by Sig. Pietro Sette, president of IRI. He warned that Italy now faced a crucial choice: either to give State aid to the steel sector as had Britain, France and Belgium, or state clearly that the country could do without the industry.

According to Sig Sette, if Finsider's investments had been 50 per cent covered by own resources, instead of only 3.6 per cent as was the case, debt charges would have been cut by more than L800bn. The net loss for 1980 would therefore have been less than L300bn, or 4 per cent of turnover.

The massive deficit reflects estimated losses of L500bn by Italsider, Finsider's main operating subsidiary, one of L84bn by Dalmine, another steel concern in which Finsider has a 92 per cent holding, as well as deficits by other subsidiaries.

According to press reports here, IRI's total 1980 losses were around L2,000bn.

WEST GERMAN CORPORATE PERFORMANCE

Company earnings drop by 5.5%

BY STEWART FLEMING IN FRANKFURT

CORPORATE PROFITS in West Germany in the second half of last year slumped by 5.5 per cent the Bundesbank, the West German central bank, reported yesterday.

But the central bank maintains that the German corporate sector is adjusting to the second oil shock better than it did to the first. It suggests that provided inflation is kept under control the outlook for investment spending is satisfactory.

In its March monthly report the Bundesbank says that the gross income of the corporate sector fell to DM 107.2bn ($52bn) in the second half of the year compared with DM 113.6bn in the first six months. For the year as a whole it estimates that corporate income at DM 220.8bn was about 1 per cent lower than in 1979.

As a result of the decline, corporate income as a percentage of national income fell to 19 per cent in the second half year compared with 21 per cent in the previous year.

Among the factors cited as contributing to the weakening corporate profits picture and narrowing profit margins were the general slowing in the economy and the rise in the share of income from employment. The share for employment was 4 per cent up in the second half over the first and almost 7½ per cent above the year earlier level. The result was that wage income rose from 70 to 72 per cent of national income between the first half and second half of 1980 as the full effects of the earlier wage round had its impact.

Commenting on the corporate financial position the Bundesbank says that the self financing capacity of corporations was down by around DM 4bn to DM 85bn. But it added that seen from a longer term viewpoint the self financing capacity of the corporate sector had not deteriorated as sharply as it did after the first oil shock in 1973/4.

Squeeze on electrical margins

BY OUR FRANKFURT CORRESPONDENT

DESPITE AN 8.6 per cent rise in sales revenues to DM 108bn ($52.4bn), profits of the West German electrical industry came under pressure last year and profit margins after tax declined from 2.4 per cent to under 2 per cent, according to the Electrical Industry Association.

Moreover, the association, whose members include companies covering the whole range of the electrical industry from electrical engineering to the manufacture of household equipment and televisions, is expecting production to stagnate this year.

Herr Wolfgan Seelig, the association president, said the main problem for the industry in the current year was the expected weakness of the domestic market. Also in spite of a recent quickening in foreign orders the association does not expect a sustained recovery in foreign orders to ease the overall situation.

Some clear evidence of the profit problems which are hitting the industry as demand weakens, capacity utilisation declines and productivity growth slows emerged earlier in the year when Siemens, the industry leader with sales of some DM 32m, announced a 7 per cent decline in profits for its latest financial year.

The association reported yesterday that the industry as a whole experienced real production growth of 4.9 per cent in 1980, but that capacity utilisation declined from 85 per cent to 82 per cent. There was also a decline of 14,000 to 995,000 in the number of employees in the industry by the end of the year.

Director of Dutch paper group resigns

By Our Amsterdam Correspondent

A SECOND director of the Dutch paper, packaging and trading group, Buehrmann-Tetterode, is to resign after a difference of opinion within the managing board.

Mr. Klaas de Kluis, head of the company's distributive trades division — covering graphic papers, stationery, toys and publishing — will step down at the end of the month, BT said.

Mr. de Kluis is the second member of BT's four-man managing board to resign within nine months. Last July Count Willem van Limburg Stirum, director in charge of the machinery trading division also stepped down. Count van Limburg Stirum's successor starts work on April 1.

MOST SECTORS HIT BY WEAKER ECONOMY

Veba maintains payout despite fall

BY KEVIN DONE IN FRANKFURT

VEBA, West Germany's largest industrial concern, is maintaining its dividend for 1980 despite a fall of 10 per cent in pre-tax profits.

The group, in which the West German state has a share of some 44 per cent, suffered a drop in pre-tax profits of DM 152m to DM 1.32bn ($641m) compared with DM 1.47bn in 1979. The dividend is being held at DM 7.50 per share.

Veba's turnover rose by 13.3 per cent to DM 41.5bn, but the rise was mainly attributable to the higher prices introduced as a result of increasing crude oil and other raw materials costs.

Around 28 per cent of Veba's group turnover comes from its oil and gas division, but the company makes clear that it has suffered problems in passing on higher costs to the consumers through price increases, which is resulting in a growing squeeze on profit margins.

Herr Rudolf von Bennigsen-Foerder, chairman of Veba

GROUP SALES AND PROFITS

	1980 DM bn	1979 DM bn	% change
Pre-tax profits	1.316	1.468	−10.4
Group turnover	41.467	36.606	+13.3
Workforce	83,435†	81,429†	+ 2.5

DIVISIONAL SALES

Electricity	7.0	6.2	+13.8
Oil/Gas	11.7	9.7	+21.3
Chemicals	6.5	6.3	+ 3.5
Glass	0.54	0.49	+10.6
Trading	13.1	11.6	+12.5
Transport	1.7	1.6	+ 7.6

† Number

The position for Veba and the rest of the oil industry in West Germany has worsened in the first two months of 1981 and a recent report from the University of Cologne's Energy Institute shows that oil companies are currently losing DM 60 to DM 80 per tonne (around 6 pfennigs per litre) on oil products sales.

Most sectors of the Veba group—which covers power generation, oil and gas production and processing, chemicals, glass manufacture, trading and transport—suffered a fall in output in 1980 as the West German economy weakened.

The amount of crude oil processed dropped by 5.7 per cent to 14.8m tonnes, while sales of middle distillate products fell by 12.5 per cent to 7.3m tonnes. Deliveries of light products, such as petrol, were down by 1.9 per cent to 4.3m tonnes and sales of heavy products dropped by 8.4 per cent. Veba's refineries operated at only 76 per cent of capacity in 1980 compared with 87 per cent in 1979.

The volume of raw materials processed for petrochemicals also slumped by 15.1 per cent to 3.2m tonnes. Volume sales by Chemische Werke Hüls, Veba's chemicals subsidiary, were down by 1.6 per cent to 5.26m tonnes, but the group's chemicals turnover rose modestly by 3.5 per cent to DM 6.5bn with the help of price increases.

Power generation rose by 5.9 per cent to 56.3m kilowatt hours. Veba's main electricity subsidiary, Preussenelektra, is now generating some 41.6 per cent of its power from nuclear energy, compared with 34.2 per cent in 1979, while coal-fired power generation is accounting for 36.1 per cent against 29.7 per cent in the previous year. Turnover of the power division rose by 13.8 per cent to DM 7bn.

Group capital investment rose by 24 per cent to DM 1.6bn and power station building is still taking the lion's share of the spending, accounting for 57 per cent, or DM 927m of the total in 1980, as Veba works to cut further the share of oil and gas in power generation.

Investments in financial assets jumped to DM 988m compared with DM 225m in 1979 as a result of the acquisition of the remaining 25 per cent stake in Chemische Werke Hüls previously held by Bayer, together with the purchase of 43.3 per cent of the Röhm chemicals company.

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INTERNATIONAL COMPANIES and FINANCE

Shares hit by Shoken failure supported

By Richard C. Hanson in Tokyo

MOVES ARE underway to restore the credibility in the Tokyo stock exchange and to contain the damage arising from last week's disclosure that Osaka Shoken Shinyo, a small stock financing company in Osaka, was unable to meet its loan obligations. Osaka Shoken's indebtedness is estimated at some Y75bn ($360m), a large proportion of which comprises loans from foreign banks in Japan.

Four major securities companies—Nomura Securities, Yamaichi Securities, Nikko Securities and Daiwa Securities—are acting to support share prices of four stocks which served as collateral for a large part of Osaka Shoken's bank borrowing.

The four stocks are Ishii Iron Works, Maruzen, Ando Construction and Seika Sangyo. Share prices of all four have tumbled sharply in the past few days and have undermined sentiment in the market by dragging other speculative issues lower. The four issues were among stocks subjected to speculative buying by a group of private investors known as the Seibi group.

The four security firms decided to buy the four issues at yesterday's closing prices at the request of holders of the shares in a bid to prevent further deterioration in the market, they said.

Osaka Shoken had in its hands as collateral 13m shares from Seibi each of Ishii and Ando, 6.7m shares of Maruzen and an undisclosed amount of Seika Sangyo which it in turn used as collateral for its bank borrowing. As prices tumbled, banks demanded (and the company could not provide) additional collateral to cover the value of the loans.

The management of Osaka Shoken has yet to be able to convince its creditors to enter into a "composition" agreement to avoid outright liquidation. The support being given by the securities companies for the price of the shares serving as collateral could increase the chances for composition.

Some of the 14 foreign banks involved in loans to Osaka Shoken (Y21.5bn in total) are believed to have already started to sell off their collateral to cover the loans, as is their right. Until news of the action by the securities companies, it was widely assumed that the company's chances for composition were slim.

Record A$130m loss at General Motors-Holden's

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA'S largest vehicle manufacturer, General Motors-Holden's, has announced the largest loss in the country's corporate history of A$129.8m (US$151m) in the year to December 31.

Costs associated with the company's restructuring programme, including the closure of its New South Wales assembly plant, were the principal cause for the loss, which represents a fall into the red from an A$4.62m profit in 1979. There were losses of A$8.4m in 1978 and in 1977.

The previous Australian largest loss was incurred by Gollin Holdings, the diversified coal group, which reported a deficit of A$120m over an 18-month period covering 1976 and 1977, in a decline towards liquidation.

"GMH's commitment to the future is unchanged by this loss The company says. "We are spending almost A$360m on a new engine plant, foundry modernisation programme and our model programmes. This investment is more than the total dividend payments made by GM-Holdens to General Motors corporation during the past 25 years."

Mr. Charles S. "Chuck" Chapman, the managing director, is confident of a strong improvement in sales and profits this year.

He said that total Australian vehicle sales this year should be better than GMH's original forecast of 583,000 cars and trucks, and that GMH would improve its position in the larger market.

The impact of the restructuring programme was the major factor in its loss for the year. but the company also suffered from a 21 per cent decline in sales of cars and trucks and a big fall in revenue.

Overall sales revenue of the group dropped from A$1.09bn (US$1.3bn) to A$991.2m, with export sales being down from A$1.04bn to A$952.4m.

The group's total expenditure on new equipment increased more than four-fold, from A$30.4m to A$114.1m. Spending on special tools for the car manufacturing process was also up, from A$37.2m to A$48.6m.

Because of the loss no dividend will again be paid by the company to the U.S. parent. This will be the third successive such ommission.

The plant closure accounted for an estimated loss of A$21m, deferred tax asset write-offs for about A$20m, charges related to the new Victorian engine plant and foundry to some $A20m, and costs associated with runouts on old models, to A$20m.

But these are all non-recurring items, and together make a loss of A$81m. This suggests a loss from actual trading by the GMH group of slightly under A$50m for the year.

Weak response to Hong Kong share offers

By Adrian Boven in Hong Kong

A NEW share issue and a rights issue, both of which were seen as indicators of the mood of the Hong Kong stock market, have been undersubscribed by a wide margin. Underwriters of Sino Land, which offered 200m new shares with warrants to the public last month, at HK$1.80 a share, announced yesterday that the offer drew applications for only 92.96m shares

And underwriters of a HK$ 420m rights issue by Paliburg Investments, a recently reorganised property development company, says response to Paliburg's offering has also been poor although the final tally has yet to be made.

Officials of Wardley, a chief underwriter of the Sino Land issue, attributed the shortfall to the pessimistic mood of the market before the offer closed on Tuesday and to the fact that unsuccessful applicants for shares in a previous new share issue, did not receive their refund cheques in time to apply for Sino Land.

Green Island Cement setback

BY OUR HONG KONG CORRESPONDENT

AN 18 per cent drop in annual profit is reported by Green Island Cement, Hong Kong's largest cement producer. The fall is attributed to a glut of cement on the international market last year which prevented prices in Hong Kong from rising. After-tax earnings for 1980 came to HK$ 80.78m (US$ 15.3m), compared with HK$ 98.34m in 1979.

But the final dividend is maintained at 70 cents a share, making a total for the year of HK$ 1.30, up 20 per cent from 1979 after adjusting for a scrip issue last May.

Mr. Li Ka-shing, the chairman, said a 20 per cent increase in sales could not offset the effects of a higher production cost and difficulties in construction of a new plant. Prospects for 1981 indicate only a small improvement in earnings because competition from producers in neighbouring countries is expected to continue, although raw material costs show signs of easing.

However, Mr. Li said that the company's valuable development properties are expected to enhance profitability considerably in a few years.

● Lane Crawford Holdings, the department store subsidiary of the Wheelock Marden Group's reported profits for the nine months to December 31 of HK$42m (US$8m), up 13.6 per cent on an adjusted basis from profits for the whole year to March 31, 1980, of HK$49.3m.

The final dividend was set at 28 cents per A share, and 2.8 cents per B share, making a total for the nine months of 48 cents per A share and 4.8 cents per B share, up an adjusted 28 per cent from the previous year.

The shortened financial reporting period will allow the company to change to the calendar year in line with other Wheelock Marden companies.

Zimbabwe offer by Truworths

BY OUR SALISBURY CORRESPONDENT

TRUWORTHS, the South African-based fashion retailers, is going public in Zimbabwe and offering Zimbabwe investors a majority stake in the business.

Truworths hopes to raise some Z$2m (US$3.4m) next month through a new issue of 1.8m at 110 cents each. Application lists open next Monday and close on April 2 with the Truworth shares being listed on the Zimbabwe Stock Exchange for the first time on April 13.

The new shares are coming at a time when the Zimbabwean equity market is relatively depressed, having fallen 14 per cent in the past two months, mainly in response to the sharply higher interest rates imposed by the Government a month ago.

Truworths is being offered on a yield of 7.6 per cent (net of tax) with the dividend twice covered by earnings.

The group has 14 retail outlets in Zimbabwe and has plans to open further outlets, basically shifting down market from the fashion sector to family clothing by developing its Topic Stores outlets, of which there are only three at present.

As a result of the issue, majority control will shift from the South African parent group which currently has 100 per cent of the equity, to Zimbabwe with the investing public here being offered 50.3 per cent of the total equity.

Truworths has a somewhat erratic profit record reflecting the setbacks to the Zimbabwe economy in the late 1970s, but after-tax profits totalled Z$330,000 in the latest half-year, comfortably more than half the prospectus forecast for the year to end June 1981, Z$510,000.

The issue is being handled by Standard Merchant Bank, of the Standard Chartered group.

Arab Maritime Petroleum cuts annual loss

KUWAIT—The Arab Maritime Petroleum Transport Company (AMPTC) has reported that its net loss fell to $18.5m last year, from $21m in 1979. It made a profit before depreciation of $9.5m compared with a loss of $3m in 1979.

AMPTC is owned by the member countries of the Organisation of Arab Petroleum Exporting Countries (OAPEC), with the exception of Syria.

AMPTC noted that tanker charter rates fell sharply from the second quarter of last year, but said it was protected to an extent by one year charters entered into in late 1979.

The company has eight crude oil tankers and two liquefied petroleum gas carriers. The fleet size was unchanged last year and no increase is planned in the foreseeable future.

The ships operate mainly from the Gulf and the Mediterranean.

Reuter

Tax cuts into earnings at Bradmill

By Our Sydney Correspondent

BRADMILL INDUSTRIES, the Australian offshoot of Tootal, the UK textiles concern, is to pay a final dividend of 4 cents a share, despite an 18.1 per cent fall in profit from A$9.9m to A$8.1m (U.S.$9.48m) in the year to December 31. Sales rose 6.4 per cent, from A$212.01m to A$225.51m, but pre-tax profit was down only 2 per cent, from A$14.57m to A$14.27m.

The profit fall, the directors said, resulted mainly from costs involved with its prolonged rationalisation programme and the loss of tax benefits in the last Federal budget, but they added that on a trading basis it had performed well, indicating better times ahead.

After a first-half profit dip of 33.8 per cent, Bradmill's performance improved significantly in the second-half, with earnings rising from A$4.56m to A$4.58m.

Pre-tax earnings were affected by a charge of A$909,000 occasioned by an increase in the cost of borrowing funds, a provision of A$365,000 for depreciation of buildings, and A$967,000 associated with the rationalisation programme.

3/20 50

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 18, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, *unless otherwise indicated*. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00	Greenland	Dan. Krone	6.4892	Papua N.G.	Kina	0.6525
Albania	Lek	4.4441	Grenada	E. Caribbean $	2.7025	Paraguay	Guarani	137.30
Algeria	Dinar	3.8325	*Guadaloupe*	*Franc*	4.8665	P'pls D. Rp. of Yemen	Dinar	0.3415
Andorra	Fr. Franc	4.8665	Guam	U.S. $	1.00	Peru	Sol	385.41
	Sp. Peseta	83.81	Guatemala	Quetzal	1.00	Philippines	Peso	7.65
Angola	Kwanza	27.627	Guinea Bissau	Peso	35.451	Pitcairn Is.	N.Z. Dollar	1.0788
Antigua	E. Caribbean $	2.7025	Guinea Rep.	Syli	19.8891	Poland	Zloty (O)	31.00
Argentina	Peso	1940.50	Guyana	Dollar	2.4816	Portugal	Escudo	65.95
Australia	Dollar	0.8541				Port Timor	Escudo	n.a.
Austria	Schilling	14.62	Haiti	Gourde	5.00			
Azores	Port. Escudo	55.95						
...								
Finland	Markka	4.0115	Netherlands	Guilder	2.282	Vanuatu	Aust. Dollar	0.8541
France	Franc	4.8665	Neth. Ant'les	Guilder	1.80	Vatican	It. Lira	1007.50
Fr. C'ty in Af.	C.F.A. Franc	243.325	New Zealand	Dollar	1.0788	Venezuela	Bolivar	4.2932
Fr. Guiana	Franc	4.8665	Nicaragua	Cordoba	10.00	Vietnam	Dong (O)	2.18
Fr. Pac. Is.	C.F.P. Franc	83.601	Niger Rp.	C.F.A. Franc	243.325	Virgin Is. U.S.	U.S. $	1.00
Gabon	C.F.A. Franc	243.325	Nigeria	Naira (O)	0.5577	Western Samoa	Tala	0.9713
Gambia	Dalasi	1.76	Norway	Krone	5.307	Yemen	Rial	4.57
Germany (E)	Ostmark (O)	2.0628	Oman, Sultanate of	Rial	0.3456	Yugoslavia	Dinar	29.37
Germany (W)	Mark	2.0528				Zaire Rp.	Zaire	3.46
Ghana	Cedi	2.75	Pakistan	Rupee	9.87	Zambia	Kwacha	0.8253
Gibraltar	Pound*	2.2727	Panama	Balboa	1.00	Zimbabwe	Dollar	0.6536
Greece	Drachma	50.15						

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2)—Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) *Iceland*—Introduced a new crown equivalent to 100 units of old currency on 1/1/81.
(5) Vanuatu—100 vatu = 6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.

Dollar eases

The dollar continued to lose ground in currency markets yesterday, as U.S. interest rates were again lower. With one major bank already quoting a prime rate of 17 per cent and others expected to follow, the dollar suffered accordingly. Dealers also noted the low cost of Federal funds, which were trading around 13 per cent, and also the absence of any intervention by the authorities to arrestt he decline.

Sterling was slightly weaker against European currencies but improved at the dollar's expense. *There may have been some* speculative trading ahead of an unchanged MLR, but there was little expectation of a change yesterday.

European currencies were mostly firmer against the dollar and sterling. Within the European Monetary System, the Deutsche Mark remained the firmest currency, while the weakest currency the Italian lira, improved slightly, to remain within its maximum permitted divergence.

DOLLAR — trade weighted index (Bank of England) fell to 98.3 from 98.5. The dollar finished around the middle of the day's range, having opened weak on Far East levels. It picked up during the morning, but finished down from Wednesday's levels, retaining its bearish undertone. Against the Deutsche Mark it closed at DM 2.0490 from DM 2.0580, and SwFr 1.8675 from SwFr 1.8680. It was slightly firmer against the Japanese yen however at Y208.75 against Y207.70.

STERLING — trade weighted index (Bank of England) was unchanged at 100.2, having stood at 100.4 in the morning and 99.9 at noon. Sterling was weaker *overall against European currencies*, but improved against the dollar. Its early quotation was $2.2925, a high for the day, but it dipped during the morning on selling to $2.2675. During the afternoon however it recovered to close at $2.2810-2.2820, a rise of 20 points from Wednesday.

DEUTSCHE MARK — A sharp rise in German interest rates coupled with the introduction of a special Lombard facility has led to a recovery by the Deutsche Mark, and it is now the strongest currency within the European Monetary System. Previously high interest rates and Germany's *continuing large balance* of payments deficit had put pressure on the German currency against the dollar and within the EMS. Tension over the situation in Poland remains a market factor. The Deutsche Mark registered wide gains at yesterday's fixing in Frankfurt, with sterling lower at DM 4.6590 against DM 4.6860, and the dollar fixed at DM 2.0472 compared with DM 2.0647, without Bundesbank intervention. Dollar sentiment remained bearish, with a narrowing of interest rate differentials seen as the major factor behind the dollar's decline. Within the EMS, the Belgian franc was fixed at DM 6.100 compared with DM 6.102 per BFr 100 on Wednesday, and a floor level of DM 6.099. The weakest currency, the Italian liara was also edging towards its lower intervention point, and was fixed at DM 2.048 per L1,000 from DM 2.09 previously

ITALIAN LIRA — Weakest member of the EMS and currently around its "warning bell" limit, which is 75 per cent of the maximum permitted divergence from central rates. The lira recently touched record lows against sterling and the dollar, *but has recovered a little ground* recently.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6255	+4.61	+1.74	±1.53
Danish Krone	7.72336	7.98065	+3.33	+0.46	±1.64
German D-Mark	2.48208	2.53883	+2.29	−0.58	±1.125
French Franc	5.84700	5.98935	+2.43	−0.44	±1.3557
Dutch Guilder	2.74362	2.81241	+2.51	−0.36	±1.512
Irish Punt	0.668201	0.686179	+4.04	+1.17	±1.668
Italian Lira	1157.79	1235.99	+6.75	+3.86	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

OTHER CURRENCIES

Mar. 19	£	$		£ Note Rates
Hong Kong Dollar	11.94¼-11.96¼	5.2400-5.2450	Italy	2240-2315
Iran Rial	168.50*	74.30*	Japan	472-478
Kuwait Dinar(KD)	0.621-0.627	0.2730-0.2732	Netherlands	5.14½-5.19½
Luxembourg Frc.	76.50-76.60	33.55-33.57	Norway	12.00-12.12
Malaysia Dollar	5.1325-5.1425	2.2515-2.2555	Portugal	123½-127½
New Zealand Dlr	2.4570-2.4620	1.0770-1.0780	Spain	185-197½
Saudi Arab. Riyal	7.62-7.68	3.3485-3.3495	Sweden	10.22-10.32
Singapore Dollar	4.7225-4.7525	2.0815-2.0855	Switzerland	4.22½-4.27
Sth African Rand	1.7885-1.7905	0.7840-0.7850	United States	2.26½-2.28½
U.A.E. Dirham	8.36-8.42	3.6715-3.6730	Yugoslavia	75-81

Rate given for Argentina is free rate. * Selling rate.

EXCHANGE CROSS RATES

Mar. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.282	4.675	476.5	11.026	4.263	5.178	2280.	2.698	76.55
U.S. Dollar	0.438	1.	2.049	208.9	4.832	1.868	2.269	999.1	1.182	33.55
Deutschemark	0.214	0.488	1.	101.9	2.358	0.912	1.107	487.6	0.577	16.37
Japanese Yen 1,000	2.099	4.788	9.811	1000.	23.14	8.945	10.87	4784.	5.661	160.7
French Franc 10	0.907	2.069	4.240	432.2	10.	3.866	4.696	2068.	2.447	69.43
Swiss Franc	0.235	0.535	1.097	111.8	2.587	1.	1.215	534.8	0.633	17.96
Dutch Guilder	0.193	0.441	0.903	92.03	2.129	0.823	1.	440.3	0.521	14.79
Italian Lira 1,000	0.439	1.001	2.051	209.0	4.837	1.870	2.271	1000.	1.183	33.58
Canadian Dollar	0.371	0.846	1.733	176.6	4.087	1.580	1.919	845.0	1.	28.38
Belgian Franc 100	1.306	2.980	6.107	622.5	14.40	5.568	6.764	2978.	3.524	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 19)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 11/16	offer 13 15/16	bid 13 11/16	offer 13 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of *Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.*

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	12⅜-12⅝	13½-13¾	16-17	9¹⁵⁄₁₆-10⁷⁄₁₆	2¾-3½	10⅝-10⅞	11⅛-11⅝	16-18	12-12½	8-8¼
Month	12⁷⁄₁₆-12⁹⁄₁₆	13½-13¾	15⅞-16¼	10-10⅛	7¼-7⅝	11¾-11⅞	11⅛-11⅝	17-18	12⅞-13	8-8¼
Three months	12⁷⁄₁₆-12⁹⁄₁₆	13⅝-13⅞	15¼-15⅝	10⅛-10⅜	7¼-7⅝	11¾-11⅞	11⅞-12⅛	17½-18½	13⅜-13⅝	7¾-8
Six months	12¼-12⅜	13¾-14	14½-14⅞	10¼-10⅝	7½-7⅝	10⅞-11⅛	12⅛-12⅜	17¾-18¾	13⅜-13⅝	7¾-8
One Year	12⁵⁄₁₆-12⁷⁄₁₆	13⅞-14⅛	14-14⅜	10½-10⅝	7⅛-7⅜	10⅞-10⅞	12⅞-13⅛	18½-19½	13⅜-13⅝	7¾-8

SDR linked deposits: one-month 11¹⁵⁄₁₆-12³⁄₁₆ per cent; three-months 11¹⁵⁄₁₆-12³⁄₁₆ per cent; six-months 11¹⁵⁄₁₆-12⁵⁄₁₆ per cent; one-year 12-12¼ per cent.
ECU linked deposits: one-month 12³⁄₁₆-12⁷⁄₁₆ per cent; three-months 12½-12⅝ per cent; six-months 12⁹⁄₁₆-12¹³⁄₁₆ per cent; one-year 12¼-12⅝ per cent.
Asian $ (closing rates in Singapore): one-month 13⁹⁄₁₆-13¹¹⁄₁₆ per cent; three-months 13⁹⁄₁₆-13¹¹⁄₁₆ per cent; six-months 13⅝-13¾ per cent; one year 13¹³⁄₁₆-13¹⁵⁄₁₆ per cent. Long-term Eurodollar two years 14⅛-14⅜ per cent; three years 14⅛-14⅜ per cent; four years 14⅛-14⅜ per cent; five years 14⅛-14⅜ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.30-13.40 per cent; three-months 13.40-13.50 per cent; six-month: 13.30-13.40 per cent; one year 13.30-13.40 per cent.

INTERNATIONAL MONEY MARKET

Europe rates mixed

Call money fell in Frankfurt yesterday to 11.5 per cent from 11.75 per cent on Wednesday, although the market was faced with tax payments draining considerable sums out of the system. Longer term rates were mixed. One-month money was quoted at *12.85 per cent compared with* 12.825 per cent, while the three-month rate eased to 13.05 per cent from 13.375 per cent. Meanwhile at yesterday's meeting of the Bundesbank central council, credit policies were left unchanged, leaving the discount rate at 7½ per cent. The special Lombard facility remained open at 12 per cent, having replaced the normal rate of 9 per cent since the latter was suspended last month.

In Amsterdam call money rose to 10-10¼ per cent from 8¾-9 per cent as expected. This reflected the repayment of a Fl 1.4bn special discount facility, which so far has not been replaced with a further lending facility. Period rates were slightly higher where changed. One-month money was steady at 10¼-10⅜ per cent, while the three and six-month rates both rose to 10⅜-10½ per cent *from 10¼-10⅜ per cent*.

In Zurich major banks cut their time deposit rates on 3 to 12 month deposits to 6¼ per cent from 6½ per cent on SwFr 100,000-SwFr 249,000 deposits, and to 7 per cent from 7¼ per cent on SwFr 250,000 to SwFr 5m.

In Milan the authorities arranged 15 day repurchase agreements at 15½ per cent in order to soak up excess liquidity. The agreement unwinds on the same day as certain revenue transfers to the treasury are due. There was also a new three-year *savings certificate offered yesterday*, totalling L1.5trillion, which was described as very attractive to private investors at the moment.

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 12 per cent *(from March 10, 1981)*

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and local authority bills, and a moderate amount of eligible bank bills, all direct from discount houses. In addition, the authorities entered into a sale and repurchase agreement, involving a small number of eligible bank bills, for settlement at a fixed future date. The market was faced with a large amount of commercial bills maturing in official hands, and the unwinding of a previous sale and repurchase agreement of a *moderate number of bills*. In addition three or four houses were faced with the repayment of small loans made a week ago at a rate above MLR. On the other hand, Government disbursements exceeded revenue transfers by a moderate amount, and banks brought forward balances a small way above target.

Discount houses were paying 12 per cent for secured call loans at the start, with later balances taken as low as 10½ per cent. In the interbank market overnight loans opened at 12⅛-12½ per cent and rose to 12½-12⅞ per cent before coming back to 12-12½ per cent for much of the day.

GOLD

Little change

Gold fell $1 an ounce from Wednesday's close to finish at $507-510 in the London bullion market yesterday. The metal opened at $513-516, which was the high for the day, but failed to maintain its recent firmer trend, partly on a slight dollar recovery. While the U.S. unit finished down on the day, buying interest in gold had evaporated by mid-afternoon, and the metal drifted easier.

In Paris the 12½-kilo bar was fixed at FFr 85,250 per kilo ($548.92 per ounce) in the afternoon, compared with FFr 85,250 ($549.40) in the morning, and FFr 85,250 ($544.47) on Wednesday afternoon.

	Mar. 19		Mar. 18	
Gold Bullion (fine ounce)				
Close	$507-510	(£222¼-224)	$508-511	(£222¾-224¼)
Opening	$513-516	(£224½-226)	$507-510	(£223¼-224½)
Morning fixing	$512.75	(£225.633)	$510.25	(£224.434)
Afternoon fixing	$510	(£223.439)	$506	(£222.957)
Gold Coins				
Krugerrand	$523½-525½	(£229¼-230¼)	$525-527	(£230½-231¼)
1/2 Krugerrand	$269½-271½	(£118-119)	$270-271	(£118½-119)
1/4 Krugerrand	$137-139	(£60-61)	$138-139	(£60½-61)
1/10 Krugerrand	$58-59	(£25½-26)	$57-58	(£25-25½)
Mapleleaf	$519½-521	(£227¾-228¼)	$521-523	(£228½-229½)
New Sovereigns	$127¼-128¼	(£55¾-56¼)	$127¾-128¾	(£56-56½)
King Sovereigns	$146-148	(£64-65)	$145-147	(£63½-64½)
Victoria Sovs	$146-148	(£64-65)	$145-147	(£63½-64½)
French 20s	$164-167	(£71¾-73¼)	$165-167	(£72½-73¼)
50 pesos Mexico	$630-635	(£276-278¼)	$630-635	(£276½-278½)
100 Cor. Austria	$495-500	(£217-219)	$492-497	(£216-218)
$20 Eagles	$625-630	(£274-276)	$625-630	(£274¼-276¼)

LONDON MONEY RATES

Mar. 19 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11½-12⅛	11⅞-12	—	—	12¼	10½-12	—	—	—
2 days notice	—	—	12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12⅝	12¼	—	12¾	12⅛	12	—	—	—
One month	12⅛-12¼	12⅛-12¼	12⅝	13¼-13½	12⅞	12⅞	12	11⅝-11⅞	12	13¼
Two months	12⅛-12½	12⅛-12¼	—	13½-13¼	12⅞	12⅞	12	11⅝-11¾	11⅝-11⅞	12½
Three months	12⅛-11½	12¼-12¼	12⅝	13-12⅝	12⅞	12⅞	12	11⅝	11⅝-11¾	12⅛
Six months	12⅛-11⅞	12¼-12⅛	12⅝-12½	12¾-12⅝	12½	12¾	—	—	11⅝-11⅞	11⅝
Nine months	11⅞-11⅞	12⅛-12⅝	—	12⅝-12⅛	12⅝	12¾	—	—	—	—
One year	11⅞-11⅞	12⅛-12¼	12⅞	12⅛-12⅛	12⅛	12⅝	—	—	—	—
Two years	—	—	12½-12⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 13-13¼ per cent; five years 13¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¹³⁄₁₆ per cent; four-months trade bills 12⅛ per cent.

Approximate selling rate for one-month Treasury bills 11¹³⁄₁₆-11²⁵⁄₃₂ per cent; two-months 11⅝-11²³⁄₃₂ per cent; three-months 11⅝ per cent. Approximate selling rate for one-month bank bills 11¾ per cent; two-months 11¾-11²⁵⁄₃₂ per cent; three-months 11⅝ per cent; one-month trade bills 13 per cent; two-months 12¾ per cent and three-months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from March 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.6351 per cent.

MONEY RATES

NEW YORK

GERMANY

FRANCE

JAPAN

هكذا من الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Gets the best out of boilers

A DEVICE for the in-situ sensing and analysis of combustion ratios in boilers (10,000 lb steam an hour upwards) has been devised by Westinghouse Electric, Burymead Road, Hitchin, Herts SG5 1RT (Hitchin 55321).

It is called the Model 450 Analyser and will sense on both the excess oxygen side and the combustible side of the stoichiometric point, that is, the point at which a combustion process burns all fuel and oxygen.

The unit will measure oxygen until no excess exists and the stoichiometric point is reached, but once the combustion process shifts to the combustibles, or the "reducing" side of the stoichiometric point, the 450 will measure the combustibles present. The sensor will shift automatically to the oxygen side of the point once excess oxygen appears in the combustion process.

It is claimed the unit will provide close and accurate control as it gives continuous sensing whether the air/fuel ratio is rich or lean. It utilises a sensor which is inserted directly into the combustion chamber, and will measure over a temperature range of 800-1500 degrees C.

Use of the analyser coupled with a flue gas trim control system gives such a fine control of the fuel/air ratio in furnaces, boilers, and other high temperature applications, that it will virtually eliminate waste fuel from stack emissions, says Westinghouse. The result is not only a marked decrease in pollution hazards, but also a significant reduction in fuel costs.

Shreds old banknotes

A SHREDDING system claimed to be capable of destroying 1m old banknotes an hour has been installed in a West African central bank by EBA Systems, Thatcham, Newbury, Berks (0635 63208). Formerly, the bank used six industrial shredding machines fed by six operators, which achieved a throughput of only 200,000 banknotes an hour. The new system needs only one operator to load the notes into it and one to help with preparation.

The shredded waste is then passed automatically to an incinerator or a baling press for recycling. EBA claims that one official auditor can now supervise the entire operation and thus ensure that there is no pilfering. A central console controls the automatic start and shut-down sequence.

The final shredding system is claimed to be capable of processing two tonnes of material down to strips 4mm wide by 48mm long. These are mechanically conveyed to the incinerator, untouched by hand from the moment the notes were put into the feed hopper.

Floor cleaning system

SUBSTANTIAL materials savings are among the advantages claimed for a floor care system launched in the UK by the Sutton, Surrey, based International Industrial Division of G. H. Wood and Co. of Toronto, Canada.

The TASKI Hi-Speed Floor Care System, manufactured by Swiss company A. Sutter, stated to be a waterless, dustless method that combines cleaning, polishing and protecting the floor in a single operation, eliminating the need for wet stripping and making recoating rarely, if ever, necessary.

Surfaces on which the system may be used include all resilient/water resistant floorings such as vinyl, vinyl-asbestos, linoleum, sealed terrazzo and natural stone.

Full details can be obtained from G. H. Wood at Wealdstone Road, Kimpton Industrial Estate, Sutton, Surrey, SM3 9QN (01-641 4719).

Harwell diversifies into bio-technology

BY DAVID FISHLOCK, SCIENCE EDITOR

HARWELL, WITH the encouragement of Whitehall, is exploring the possibilities of forming a "club" of British industrial organisations pioneering the new possibilities for bio-technology.

Such a club might be centred on more than one national laboratory, pooling the expertise of each for the solution of problems that already loom large for the bio-technologists.

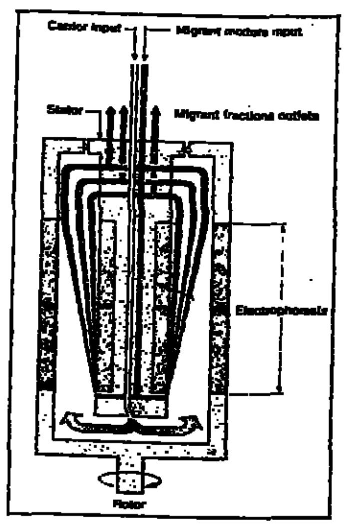
Ingenuity

Harwell believes it has two important contributions to make to such a club. One is its success in forming similar associations to advance the technology of UK industry, for example, in heat transfer. The other is its ingenuity in adapting long experience of the technology of difficult nuclear separations to the problems of biochemistry, then demonstrating them on a sizeable scale.

But Harwell is not experienced in fermentation, the bedrock of bio-technology, Dr. Alan Thomson emphasises. He is in charge of the biochemistry group, part of Harwell's engineering sciences division. To complete such a club, industrial sponsors may want to include a national laboratory with wider experience of bio-technology, such as the Centre for Applied Microbiological Research, at Porton, he says.

In the biochemistry group, Harwell has brought biochemists and chemical engineers to bear on one problem biotechnologists have already encountered. This is how to sort from a mass of freshly cultured cells or micro-organisms the substance the process is supposed to be making.

The problem can be illustrated by the difficulty of purifying interferon. The best that can be achieved today is one part of interferon to one part of impurity. More common is one part of interferon in 1,000 parts of impurity. Even if "genetic engineers" solve the problems of making interferon by fermentation, they will still have to tackle the problems of purifying the drug.



Sketch showing how continuous electrophoresis can fractionate a mixture. The demonstration machine at Harwell (right) can separate mixtures into 30 product streams.

One technique Dr. Thomson's group has developed to the stage of a demonstration big enough for purifying many fine biochemicals is continuous electrophoresis. The principle—using an electric charge to pull a mixture apart—is well known as a laboratory technique for separating big molecules, such as proteins.

The challenge was to apply it to large quantities, preferably as a continuous process. Not least of the problems is the heat dissipated in passing enough current through the cocktail of cells, which constantly remixes the carrier liquor by convection, and may even damage heat-sensitive substances and kill their bio-activity.

Harwell's answer is a ring-shaped vessel which can be rotated at relatively slow speed, about 100-150 revolutions a minute. A dc voltage is applied between the inner (—) and outer (+) walls of the ring. A carrier liquid is pumped down the stationary core of the ring (or annulus) and flows smoothly up past the electrodes. The cocktail to be separated is then bled into this carrier liquid.

The aim is to maintain stable, laminar flow of the carrier liquid up through the ring. This is helped by the short residence time of liquid in the vessel, only 30-60 seconds, and also by chilling the liquid before pumping it into the vessel.

As the cocktail's constituents come under the influence of the electric field, they will be deflected to a degree that depends on their size and other properties. The diagram shows the mixture being separated into three fractions. In fact, Harwell has designed equipment for as many as 30 fractions. At the same time the equipment draws off the hydrogen and oxygen produced by electrolysis during the process.

Fractionation takes place at the top of the vessel, in a stack of 30 plastic discs, each engraved with concentric channels and radial inter-connections. Its purpose is to peel off steadily a thin layer of liquid from the whole annulus. The lowest disc in the stack peels off the layer flowing closest to the stationary inner wall. The highest disc peels off the layer closest to the rotating outer wall.

In this way there is a minimum of remixing of the 30 separate product streams. Each disc is then coupled to an exist port. Throughput can be up to 3 litres an hour, or 90 grams of material an hour.

Continuous

The continuous electrophoretic separator — it has achieved an uninterrupted run of 60 hours — has been developed with the help of funds from the Department of Industry and the Department of Health. The latter department has shown specific interest in its use for fractionating human blood and the recovery of such scarce substances as Factor VIII, the substance used to control haemophilia.

Dr. Thomson claims it has important advantages over the currently-used method of precipitation, in that it gives high yields, high purity, and does no damage to the cells. On the scale on which Harwell has already demonstrated its process, he believes that fewer than 10 machines could provide Britain's total requirement for Factor VIII.

Harwell hopes shortly to licence its continuous electrophoretic separator. The first customer could well be the Department of Health, for the re-equipping of its national centre at Elstree, where it fractionates blood to separate such constituents as Factor VIII.

Dr. Thomson is turning his attention to the possibility of scaling up another laboratory technique — chromatography — into a production method of separation for biochemicals. He has drawn upon advanced nuclear fuel technology for ways of making small spheres of closely controlled dimensions, porosity, and so on. With these he can fill long titanium columns to make a separator that never clogs or packs, even when handling glutinous cocktails of micro-organisms. Laced with a suitable reagent, these porous spheres can extract a specific constituent from a cocktail — affinity chromatography, as it is called.

Dr. Thomson believes that this technique may stretch a big step further, into a biochemical reaction column. Such a column of porous spheres might be laced with plant cells, for example. These could be cultured by continuously flowing nutrients to yield a specific biochemical—a flavour or a drug, for example—which at present can be obtained only by cultivating and extracting exotic plants.

NEWS IN BRIEF

MATERIALS

RIGID, LIGHTWEIGHT, rock-fibre cladding designed to protect structural steelwork against fire has been introduced by Fireguard, 32 Muswell Hill, London N10 (01-883 0139) in four basic thicknesses: 14 mm, 16 mm, 17 mm and 20 mm. The material, named Thermoboard, is supplied in panel sizes larger than usual: 2.5 metres by 1.194 metres. The nominal density is 380 kg sq metres.

It contains no asbestos and is claimed to be readily cut to size on site by means of a simple tungsten-tipped blade. No power tools are required. It is fixed to steel by small pieces of the material cut to the profile of the structural columns and a powerful adhesive which is supplied to a site ready-mixed for immediate use.

PROCESSING

TWO BLAST cleaning units for descaling planetary gears after hardening have just been delivered to the Ursus Tractor Group in Poland by Vacu-Blast (BTR Group) of Slough, Berks (0753 26511).

Costing £150,000 the two machines incorporate handling equipment specially tailored to streamline throughput from and to other production machinery. Gears will be processed at rates up to 78 an hour.

Using multiple blast nozzles, the system provides specific and accurate coverage on tooth forms with pre-timed controlled blasts, followed by a pre-set air purging period. The component then ejects automatically on to an output guide-rail, allowing the next one to be fed-in via a tilt mechanism.

MICROFILM

THE FIRST 30 pages of a new Micrographics Year Book from G. G. Baker and Associates, 54 Quarry Street, Guildford, Surrey (04868 6653) forms a good basic introduction to anyone encountering microfilm and the associated equipment for the first time, describing popular microforms, production techniques, reading and printout equipment, and some of the more recent developments.

The publication, which is in A5 size and has 176 pages, then makes listings of service bureaux in the UK, suppliers of equipment and materials under 150 product categories, micropublishers, standards and the associated organisations. The book costs £7.50 in the UK, post free for pre-paid orders.

SECURITY

A COMPACT radar system designed to protect private property from intruders and to turn on a courtesy light for any period from a few seconds to 10 minutes or more has been introduced under the name Night Owl by Loadpoint, Chelworth Industrial Estate, Cricklade, Swindon, SN6 (0793 751160). An oval area up to a forward range of 100 ft outside the property can be protected, the company claims.

When the radar detects a moving person or vehicle two 40W lamps in the wall-mounted unit are automatically turned on. After the last movement has ceased the lights stay on for a predetermined period, but if further movement is detected the lights will come back on. Any required alarm system, including house lights and/or bells, can be activated by the Night Owl unit.

The radar is programmed to accept only continuous movements and will disregard momentary and oscillatory movements such as fluttering curtains or foliage. The unit, measuring 9in by 4in by 4½in, is weatherproof and can be installed by any competent electrician or handyman. A 220/240V mains supply is required for operation and current consumption is claimed to be low.

PERSONAL

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967

THE GREAT AMERICAN DISASTER LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 27th day of April 1981, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to STEPHEN DANIEL SWADEN, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 16th day of March 1981.
S. SWADEN, Liquidator.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF CALDERDALE

£1,400,00 Bills issued 18th March, 1981 at the rate of 11 [illegible]% to mature 17th June 1981. Total applications were £8,800,000 and there were 1,400,000 bills outstanding.

COMPANY NOTICES

GOLD FIELDS GROUP

NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned companies will be CLOSED for the purpose of the Annual General Meeetings as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Registers of Members closed (both days inclusive)
Deelkraal Gold Mining Company Limited	4 April to 10 April, 1981
East Driefontein Gold Mining Company Limited	4 April to 10 April, 1981
Vlakfontein Gold Mining Company Limited	4 April to 10 April, 1981

London Office:
49 Moorgate,
London, EC2R 6BQ.

By Order of the Boards,
C. E. WENNER
London Secretary

NOTICE TO BONDHOLDERS

SAAB—SCANIA AKTIEBOLAG

US$50,000,000 8¾% Bonds Due 15th March, 1989

Pursuant to the terms and conditions of Bonds, notice is hereby given that during the twelve-month period beginning on 15th March, 1980, the Company has purchased U.S. $2,600,000 principal amount of the subject Bonds in satisfaction of the Purchase Fund requirements.
As of 16th March, 1981, the principal amount of such Bonds remaining in circulation was U.S. $40,000,000.

FOR SAAB-SCANIA AKTIEBOLAG

CITIBANK, N.A., London
20th March, 1981

NOTICE OF RATE OF INTEREST

CREDIT LYONNAIS

U.S. DOLLARS 30,000,000.- FLOATING RATE NOTES DUE 1987

In accordance with the provisions of the interest determination agency agreement between Credit Lyonnais and National Bank of Abu Dhabi, Paris Branch, dated as of 29th August, 1980, notice is hereby given that the rate of interest has been fixed at 15⅜ per cent, and that the coupon amount payable on 18th September, 1981, against coupon No. 2 will be U.S. dollars 392.92 and that such amount has been computed on the actual number of days elapsed (184) divided by 360.

By:
NATIONAL BANK OF ABU DHABI
Paris Branch
Reference Agent

16th March, 1981.

NOTICE OF RATE OF INTEREST

BANQUE NATIONALE DE PARIS

U.S. DOLLARS $50,000,000 FLOATING RATE NOTES DUE 1987

In accordance with the provisions of the agency agreement between Banque Nationale de Paris and National Bank of Abu Dhabi, dated as of 5th March, 1980, notice is hereby given that the rate of interest has been fixed at 15 3/16 per cent per annum, and that the coupon amount payable on 21st September, 1981, against coupon No. 3 will be U.S. dollars 78.47 and that such amount has been computed on the actual number of days elapsed (186) divided by 360.

By:
NATIONAL BANK OF ABU DHABI
Head Office
Agent Bank

17th March, 1981.

CITY OF MONTREAL

3% PERMANENT DEBENTURE STOCK

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 13th April to 30th April 1981, both dates inclusive.

Registrars:
THE ROYAL BANK OF SCOTLAND LTD.
Registrar's Department,
16 Old Broad Street,
London EC2N 1DL.

SPANISH 4% EXTERNAL LOAN (1974 ISSUE)

The coupons due 1st April 1981 may be presented for payment at BANCO ESPANOL EN LONDRES S.A., 60, London Wall, London EC2P 2JB, between the hours of 10 a.m. and 2 p.m.

London, 20th March, 1981.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial and Industrial Property Businesses for Sale/Wanted	7.50	22.50
Residential Property	5.50	16.00
Appointments	7.50	22.50
Business and Investment Opportunities	8.00	25.00
Personal	5.50	16.00
Motor Cars	5.50	16.00
Hotels and Travel	5.50	16.00
Contracts and Tenders	7.50	22.50
Book Publishers	—	net 9.50

Premium positions available
(Minimum size 30 column cms.)
£3.00 per single column cm. extra
For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

BOND DRAWING

PERUVIAN NATIONAL LOAN
6% External Sinking Fund Bonds 1928
(Second Series)

S.G. WARBURG & CO. LTD., announce that the semi-annual redemption instalment due 1st April, 1981, has been met by a drawing of Bonds to the nominal value of £26,700.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

£1,000 Bonds

8673 8958

£500 Bonds

7277 7472 7698 7884 8069 8315

£100 Bonds

10	40	110	125	153	189	286	324	350	413
493	539	553	607	666	707	729	762	780	799
838	858	894	930	967	1027	1068	1105	1155	1180
1217	1274	1281	1302	1316	1323	1338	1407	1476	1498
1522	1538	1575	1590	1614	1685	1717	1736	1755	1773
1786	1817	1864	1879	1929	1960	2001	2033	2093	2127
2166	2198	2207	2235	2260	2276	2304	2324	2387	2398
2424	2469	2491	2531	2588	2644	2695	2707	2739	2777
2845	2862	2911	2939	2965	2987	3013	3036	3059	3076
3112	3132	3159	3239	3288	3324	3355	3403	3416	3434
3452	3507	3548	3566	3585	3598	3635	3676	3729	3759
3810	3827	3867	3896	3914	3949	3992	4030	4073	4117
4163	4186	4205	4255	4302	4329	4367	4402	4429	4487
4543	4581	4596	4610	4634	4663	4675	4695	4727	4748
4794	4836	4870	4904	4918	4961	4975	5017	5102	5117
5174	5198	5207	5238	5252	5271	5308	5360	5392	5411
5504	5529	5543	5630	5662	5685	5710	5747	5789	5802
5826	5875	5944	5982	6003	6030	6053	6074	6092	6112
6126	6159	6183	6204	6225	6243	6271	6348	6385	6435
6467	6495	6540	6558	6572	6643	6675	6694	6716	6735
6765	6835	6865	6888	6921	6931	6942	6963	6991	7020
7031	7040	7067	7125	7145	7173	7222			

On the 1st April, 1981, assented Bonds will become payable at the new par value of £174 for each £100 nominal, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
Coupon Department, St. Albans House,
Goldsmith Street, London, EC2P 2DL.

Interest will cease to accrue on the Bonds called for redemption on and after 1st April, 1981, and Bonds presented for payment must have attached all coupons maturing after that date.

£310,400 nominal Bonds will remain outstanding after 1st April, 1981.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for payment.

1st October, 1975
£100 Bond Nos.
2734 5254

1st April, 1977
£100 Bond Nos
3056 4316 6844

1st October, 1977
£100 Bond Nos
5016 6141

1st April, 1978
£100 Bond Nos
870 4830

1st October, 1979
£100 Bond Nos

138	604	1163	2311	2436	3010	3061	3117	3489	3583
4503	4583	4624	4887	4954	5197	5544	6983		

£500 Bond Nos
7396

1st April, 1980
£100 Bond Nos

775	869	1181	1518	1820	2140	2232	2600	2733	4984
5231	5325	5655	6019	6106	6699				

1st October, 1980
£100 Bond Nos

7	43	112	198	440	547	668	714	772	785
861	899	964	1176	1199	1523	1553	1582	1612	1716
1738	1863	1909	2011	2141	2201	2231	2395	2422	2544
2922	2968	3021	3055	3316	3362	3484	3542	3561	3841
3884	3947	4048	4089	4203	4314	4388	4417	4742	4767
4938	4966	5103	5366	5491	5633	5696	5836	5707	5740
5855	5975	6123	6196	6217	6239	6381	6449	6489	6531
6559	6575	6687	6852	6955	6981	6996	7069	7131	7163

£500 Bond Nos
7503 7992

30 Gresham Street, London, EC2P 2EB

20th March, 1981

WORLD STOCK MARKETS

Mixed early Wall St. showing

WITH THE Oils group and some recently strong Blue Chips running into profit-making, major indices on Wall Street lost ground yesterday morning. However, the overall market presented a mixed to firmer appearance at mid-session after heavy dealings.

The Dow Jones Industrial Average receded 4.06 to 990.00 at 1 p.m., while the NYSE All Common Index shed 24 cents to $76.75, but rises led falls in the ratio of four-to-three. Trading volume was up sharply to 46.41m shares from the previous day's 1 p.m. level of 36.63m.

The overall firmer tendency reflected optimism about the continuing slide in interest rates, which has quickened over the past few days.

Several major banks cut their broker loan rates early yesterday to 15 per cent, but Chemical Bank remains the only big bank with a Prime Rate as low as 17 per cent. The other are charging 17½ per cent.

Analysts said the market continues to run into programmed selling by institutions and others as the D-J Industrial Average nears 1,000. The Blue Chip indicator moved up to within three points of 1,000 yesterday morning before falling back again.

Oils weakened on a disappointing earnings forecast from Cities Service, which said net earnings would be "significantly below" the year-ago level. Analysts noted that refinery margins have been weak for about a month, and other Oils may have disappointing earnings news, too. On Wednesday, the American Petroleum Institute reported gasoline stocks at a record high.

Michael Metz, of Oppenheimer and Co., said a lot of institutional investors had hoped the oils would rally with the rest of the market. Now, "it would be an embarrassment to have a big position in the Oils at the end of the quarter," he said.

Volume leader Texaco lost ⅞ to $35¼, Cities Service 3½ to $43⅞ after a late start, Marathon Oil 1½ to $53¾ and Occidental Petroleum ⅞ to $30.

Interest rate-sensitive stocks rose. Among the actives, First Charter Financial climbed 1¼ to $16⅞ and Consolidated Edison ⅛ to $26⅜. Golden West Financial put on ¼ to $12¾ and Aetna Life ⅜ to $37⅞.

Clorox shed ⅜ to $13⅞. The Henkel Group of West Germany said it has no plans to raise its Clorox stake from the present 20 per cent.

THE AMERICAN SE Market Value Index firmed 1.06 to 347.48 at 1 pm. Volume 3.97m shares.

Closing prices for North America were not available for this edition.

Canada

Markets remained firmer — inclined in active early dealings, the Toronto Composite index adding 7.5 at 2,279.1 at noon. Golds rose 35.5 to 4,254.1.

Tokyo

After Wednesday's Blue Chip-led advance on lower interest rates and newspaper reports that Saudi Arabia might invest very heavily in Japanese shares, the market closed mixed, with an easier bias yesterday in the wake of profit-taking.

However, a number of leaders made further good progress, while speculatives staged a strong revival on heavy buying orders for a number of these issues by four major Japanese Securties Houses.

Volume was further boosted to 520m shares from Wednesday's 460m, while the Nikkei-Dow Jones Average, up 56 points the previous day, added 20.13 at 7,196.80. The Tokyo SE index added 0.59 at 517.86, although declines on the First Market section outscored advances by 358 to 310.

The four largest brokerage houses — Daiwa, Yamaichi, Nomura and Nikko Securities — were in the market for speculative issues such as Ando Construction, Ishii Iron and Seika Sangyo. Speculatives had been suffering setbacks in past sessions following the arrest of a leader of a speculative investment group on tax evasion charges.

Ando Construction and Ishii Iron rose Y30 each to Y250 and Y328 respectively, while Nippon Musical Instrument put on Y42

Germany

Shares closed on a mixed note after reduced trading, with brokers citing increasing interest in the West German Bond markets drwaing potential buyers away from the stock market. There was also a fair amount of profit taking putting a halt to the share price upswing of recent days.

Brownboveri rose DM 3 in a mixed electricals sector. However, Siemens lost DM 2 despite its announcement of increased order inflow in the first five-months of the 1980-81 fiscal year.

Bayerische Hypobank stood out with a rise of DM 5, but Deutche Bank shed DM 1.40.

Public Authority loans recorded fresh advances extending to DM 1.50 and the Bundesbank sold DM 38.2m net of paper, after sales of DM 98.2m on Wednesday. Mark Eurobonds were also higher.

Paris

With news of a 6.8 per cent fall in French industrial production in January continuing to dampen sentiment, stock prices mostly lost further ground.

However, Banks generally resisted the downtrend. The day's star performer was Banque Rothschild, which rose steadily through the session to close with a gain of FFr 9 at FFr 194. Brokers were unaware of any project affecting the bank.

Hong Kong

After a quiet morning, shares staged a fresh advance during the afternoon in active trading. The Hang Seng index, having risen 67 points over the past three days, moved ahead 48.9 more to 1,439.76. Turnover over the four exchanges expanded to HK$411.40m from Wednesday's total of HK$252.75m.

The surge towards the close was prompted by hopes of a one percentage point cut in local Prime Rate today, following indications of still lower Prime Rates in the U.S.

Johannesburg

Gold shares improved afresh initially, but partially reacted later on the easier Bullion price to record just slight gains for choice on the day.

Australia

Markets made a generally firm showing, helped by substantial buying by some international Funds, while encouraging oil and gas exploration news produced some good gains in the sector.

The Australian All Ordinaries index closed 7.6 stronger at 694.5, while the Oil and Gas index advanced 23.8 to 932.6. The All Industrials index rose 5.4 to 710.2, although Metals and Minerals gained only 2.7 to 627.2.

Wednesday's good report from the Cooper Basin well Della 13 saw Santos rise 80 cents to A$18.90, Vamgas 34 cents to A$8.34, Crusader Oil 30 cents to A$6.70 and Bridge Oil 10 cents to A$6.80.

The overseas money hit the market in a highly selective way, concentrating on big name stocks that are reasonably well known in London and elsewhere. Among these issues, Woodside Petroleum improved 10 cents to A$2.68, CSR 24 cents to A$6.66, BHP 60 cents to A$14.50 and Western Mining 12 cents to A$5.36.

Endeavour put on 4 cents to 66 cents on news that it had bought into Northern Mining, the junior partner in the Ashton diamond consortium.

Among Industrials, Westfield Holdings rose 90 cents to A$9.00, Elders 22 cents to A$2.85 on a Bell Group offer of A$4.00 a share to lift its stake to 50 per cent, and AGC 12 cents to A$1.80.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SWEDEN

GERMANY

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

NEW YORK Indices

NEW YORK ACTIVE STOCKS

Coffee futures up sharply

By John Edwards, Commodities Editor

COFFEE FUTURES moved up sharply yesterday, following reports that Pancafé, the Latin American producer group, had sold a large quantity of its surplus stocks to private buyers ahead of next week's meeting of the International Coffee Organisation.

One of the conditions, insisted on by importing members of the International Coffee Agreement, was that Pancafé should cease its previous support buying operations and dispose of stocks built up.

It was claimed that the group had managed to dispose of the bulk of its holdings, which would therefore no longer be overhanging the market limiting upward moves.

However, dealers pointed out that the sales by Pancafé to roasters could restrict buying interest in the coming weeks since they basically represented additional supplies. They might, for example, help offset current shipment problems from some producer countries in central America. The May position on the London robusta futures market reached a peak of £1,044 before closing at £1,037.5 a tonne, £18.5 up on the previous close.

Cocoa futures also gained ground, with the London May position ending £10 higher at £957.5 a tonne. The rise was encouraged by reports that the Cocoa Producers Alliance ministerial meeting in Douala, Cameroons, this week could well persuade Ivory Coast to join the proposed new International Cocoa Agreement. The EEC is expected to sign the pact shortly, following the decision of the West German government to join.

Fewer potatoes eaten in EEC

BRUSSELS—Potato eating and potato growing in Western Europe is declining steadily, according to an EEC report yesterday.

EEC Farm Commissioner Mr. Pol Dalsager said the average yearly consumption per head dropped from 106 kilos (233 pounds) in 1955/56 to 79 kilos (174 pounds) in 1978/79.

EEC production last year was 45 per cent less than in 1955 and 27 per cent less than in 1970, he said. Reuter

Cool reception given to food marketing plan

BY RICHARD MOONEY

PROPOSALS FOR a new umbrella organisation to co-ordinate British agricultural and food marketing, published by the British Agricultural Council yesterday, were given a cool reception by consumer groups and is also understood to have met with considerable opposition from processor and distributor representatives on the working party which drew it up.

The working party report calls for a body to improve the quality, consistency, promotion and marketing of UK food supplies. It should also seek to encourage investment where necessary and to influence the direction of research work.

These tasks would be beyond the scope of a body relying on voluntary funding, it says. Setting-up and initial running costs during the first three years of operation are estimated at between £6.35m and £8.35m at current values of which the Government should provide about £2.1m. In addition the Government would be required to "pump-prime" marketing and promotional expenditure which would eventually be funded by the industry.

Industry funding would have to be through a mandatory levy and the scheme would deserve state support similar to that given to European and other overseas competitors.

"While producers may take the lead in order for the organisation to succeed it must rest on a genuine partnership between producers and other interests. No sector should be able to dominate its consitution," the report says.

The Ministry of Agriculture said yesterday that it had taken no decision on the idea of establishing a new body to oversee agricultural marketing, though Miss Detta O'Cathain, one of the Agriculture Minister's specially appointed marketing advisers had suggested such a plan. Miss O'Cathain was a member of the BAC working party. Neither had any decision been taken on the degree of Government financing (if any) of such a body, the Ministry added.

The Council is an organisation made up of representatives from leading UK food producing, processing, distributing and retailing organisations covering the whole of the food chain. But it tends to be dominated by the National Farmers' Union and it is this domination, as reflected in the proposed constitution of the Central Co-ordinating Council, which has angered the other groups.

Under the BAC plan, representation on the main Board of the Council is left vague but on the 13-member second-tier executive Board only one processor representative and one distributor-retailer representative would be included. In contrast six people would sit for producer interests, statutory bodies and marketing boards. The other four members would be the chairman, the chief executive and two independents.

"For a body which expects to respond to consumer-led needs, it looks all too much like every other producer-led Board in the food and agricultural sector," the Consumers' Association commented.

Even among producers support is far from unanimous. The British Poultry Federation described the scheme as "inappropriate, ineffective and undesirable as far as poultry meat and eggs are concerned." Mr. John Maunder, the BPF chairman, said the Federation had not been consulted although the plan could involve its members in a statutory levy. "We do not need anyone to tell us how to run our business," he declared.

'Battery' veal rearing attacked

BY OUR COMMODITIES STAFF

THE "battery" production of veal in crates is "morally repugnant and professionally unethical," Britain's largest veal producer told a Commons Select Committee yesterday.

Mr. Philip Paxman, a veterinarian and managing director of Quantock, said a change in production methods would remove "a persistent and justified cause for widespread public concern and a lead would be given by Britain to other countries."

Regulations to ban crated veal production would improve calf welfare without any detriment to the consumers' interests.

There were very few crated units in Britain and little hardship would be caused during a change-over period.

Mr. Paxman, whose company has developed a new system of production, said there was now a proven, commercial viable alternative, with the advantage of lower capital commitment. The Quantock system involves keeping calves in a loose-housed system with feeding on demand.

The mortality rate is much lower than in crated production, Mr. Paxman said. He argued it would be wrong to ban crated veal production in Britain if imports produced by this system were still allowed.

An alternative could be to insist by law that producers declare the method of production on the food label, he said.

The average consumption of veal in Britain last year was 6 ounces per person — a total of 80,000 calves worth £24m. About 75 per cent of the animals were reared in Holland in crates and imported as carcass meat.

Mr. Paxman said many people did not buy veal because of the widespread opposition to the crated method of production. He said confined calves could turn round, jump or play and he had come to the conclusion that the degree of limitation of behaviour, and the abnormal state of physiological development are so extreme that the practice is morally repugnant and professionally unethical.

At the same time is was announced by the Meat and Livestock Commission that beef and veal exports rose dramatically in 1980 and reached the highest level ever recorded.

At 152,000 tonnes, they were 65 per cent up on 1979.

Dairy and beef cow numbers showed a further decline and the high level of cow cullings and the increase in steer and heifer slaughterings led to beef and veal production rising to 1.1m tonnes in 1980, 5 per cent more than the year before.

Production in 1981 is expected to fall by 8 per cent to 1.01m tonnes, the MLC said.

Call for better British bacon

By Our Commodities Staff

BRITISH PIG producers and bacon curers were told by a leading retailer yesterday that they must improve quality and productivity if they are to win back some of their home market from the Danes. Sir John Sainsbury, chairman of the supermarket group, said inspite of great improvements in Britain, Danish bacon still had a quality advantage. He estimated it beat the best of British by around 2½ per cent at retail prices, equivalent to about £40 a tonne.

There were also weaknesses in the marketing area, he said after presenting the National Pig Awards, sponsored by the Meat and Livestock Commission and Cotswold Pig Development, in London.

More enterprise and more innovation was eneded. There was "enormous scope" for product improvement and variety to offer the consumer greater value and convenience, Sir John said.

● Egg prices will rise next week following an across-the-board 2p a dozen increase in first-hand prices announced by the Goldenlay marketing consortium. The rise was attributed to a firmer market tone.

Welsh farming department move to go ahead

MR. NICHOLAS EDWARDS, the Secretary of State for Wales, has turned down objections to the transfer of Welsh Agricultural Department chiefs from Aberystwyth to Cardiff.

In spite of representations from many farming organisations pressing for Aberystwyth to be maintained as the Welsh "agricultural capital," Mr. Edwards announced yesterday that the transfer of 25 senior posts to Cardiff would go ahead.

The Welsh Office now considered that the Agriculture Department would be more effective and efficient if the majority of its policy groups were located alongside staff dealing with other policy matters, Mr. Edwards said.

The Farmers' Union of Wales said the move was a retrograde step, and would undoubtedly result in further transfers from Aberystwyth and a loss of contact with ordinary farmers.

UK WHEAT

Danger in the lush green fields

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

"IF ONLY," said my foreman, "you had stayed away a few more days we would have got the rest of the spring corn in and the work all done." As it was, my return to England from drought-stricken Australia coincided with a monsoon-like period in the first ten days of March which saturated the fields and even flooded some of the lower-lying areas.

However, the weather was mild, the grass and autumn sown cereals looked better than they have for many years. Certainly in most of the South of England.

Too much should not be read into this early promise, however. What determines grain yields is the weather during the rest of the year until harvest, and the very lushness of some of the early crops can provide nursing grounds for all sorts of pests and diseases.

This was well known years ago, and the term "winter proud" for a lush wheat crop was often the warning of trouble.

Of course in those days—in fact until about ten years ago—it was impossible to do anything much about these conditions. But now that there is a spray chemical for every single symptom of yellow or withering leaves. A farmer can work himself into a fine state of anxiety made all the worse in the present conditions due to the impossibility of getting the machinery on the land.

At one time it was the custom to graze sheep on forward wheat, in fact until a few years ago I used to do that myself. I stopped for several reasons. The main one was the damage the sheep used to do to the crop and the surface of the field.

My land is fairly claylike, and the paddling of hundreds of tiny hooves in wet clay is the first recipe for making bricks. If dried very quickly the footmarks set like concrete and became impervious to rainfall, causing water to lie and the development of the plant is also impeded.

At the same time it seems to me that the more modern wheats no longer tiller as the older ones did. Tillering means the plant throws out a whole mass of shoots each of which had the potential of producing grain. The wheats used to remain prostrate until much later in the season than they do now, only sending up their seed heads towards the end of April.

Modern wheats seem to start pushing up their seed heads much sooner, in fact some crops seem to be doing it already, missing the tillering stage altogether. This leads me to think that if they were sheeped off they might not recover in time to give a reasonable yield.

I believe this new wheat characteristic stems from the use of Continental strains in most modern wheat varieties. The Continental climate is one of a late spring, a short summer and an early maturity. The Germans, in particular, sow nearly double the wheat seed we do for that reason alone.

My return to Britain coincided too with the heaviest lambing period. For some reason or other the ewes which had been mated to lamb from the middle of February onwards failed to succumb to the rams' blandishments for the first fortnight and came in a mass in the first ten days of March just when the weather was at its worse.

For some reason also the first few ewes had a very small percentage of lambs with a large number of singles and no twins. This must have been due to some climatic or feed situation at the time of mating although everything appeared to be normal. Once they got into their stride things went very well.

The ewes had wintered very well with the dry weather for the first two months of the year, they have plenty of milk and some very strong lambs. The lambs needed both these qualities in the wet weather. I still lamb out of doors, but the sheep are watched from dawn till dusk and any ewe showing any sign of trouble is brought indoors, as are lambs for registration or mothering on. One of these days I may lamb indoors as do many of my neighbours, but we only had one night of serious loss and that was with a bunch that were at least 24 hours old, which we thought could stand anything.

The only problem now with those that have lambed is the lushness of the grass. There have already been three ewe deaths from magnesium deficiency; a metabolic disorder of milking ewes. We had none last year—a piece of good fortune we took to be due to the measures we had taken to prevent it. The only difference this year is that we have a lot of grass, whereas last year we had none. You can have too much of a good thing.

Advice to fish farmers

FISH FARMERS were urged yesterday to get together to develop a cohesive marketing strategy for their fast growing industry.

Rear Admiral David Dunbar-Nasmith, chairman of the Scottish Highlands and Islands Development Board, said at an international fish farming exhibition in Brighton, that marketing was one of the last main hurdles to be cleared before the industry could realise its considerable potential.

He said that in partnership with private enteprise the Board have helped set up 56 fish farming businesses—39 in salmonid production, 15 in shellfish, one eel farm and one company engaged in research.

He claimed that salmon farming alone, based on the capacity of existing companies, could be producing some 4,000-5,000 tonnes of fish annually within the next three or four years.

January grain stocks lower

HOME-GROWN grain stocks unsold or unused on farms in England and Wales totalled 4.3m tones at end of January, down from 4.6m tonnes in January 1980, the Ministry of Agriculture said yesterday.

Stocks (with January 1980 figures in brackets) were: wheat 2.4m (2.1), barley 2.2m (2.3) and oats 0.2m (0.2). Reuter.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on the London Metal Exchange as currency fluctuations led to quiet trading which left forward metal at £846.5 on the late kerb. Turnover 20,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	826-7	+8.75	826.5-6	+.25
3 months	844.5-5	+9	846-.5	+1.5
Settlem't	827	+10	—	......
Cathodes				
Cash	819.5-20	+8.25	820-1	+2.5
3 months	833.5-4	+10.2	834-5	+1.75
Settlem't	820	+9	—	......
U.S. Prod	—		*81.5-85	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £846, 45.5, 45, 44, 45, 44.5. Cathodes, cash £820, 19.5. Kerb: Wirebars, three months £845, 46, 47. Afternoon: Wirebars, three months £848, 48.5, 49, 48.5, 48, 47.5, 48, 47, 46.5, 46, 46.5. Cathodes, cash £820, three months £834. Kerb: Wirebars, three months £845, 45.5, 46.

TIN—Easier as the rise in sterling and offerings of cash left three months material at £6,192.5 on the late kerb. Turnover 1,540 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6120-30	-57.5	6130-50	-75
3 months	6200-5	-15	6200-5	-45
Settlem't	6130	-55	—	......
Standard				
Cash	6120-30	-57.5	6130-50	-75
3 months	6200-5	-15	6200-5	-45
Settlem't	6130	-55	—	......
Straits E.	‡$31.15	+8.72	—	......
New York	—	......	—	

Morning: Standard, cash £6,160, 50, 30, 40, 30, three months £6,245, 25, 20, 6,200, 05. Kerb: Standard, three months £6,210, 05. Afternoon: Standard, three months £6,200. Kerb: Standard, three months £6,200.

LEAD—Moved narrowly before closing the late kerb at £329.5. Turnover 3,875 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	325-.5	+4	323.5-4.5	+1.25
3 months	330-1	+3.75	329.5-30	+1.5
S'ment	325.5	+4	—	......
U.S. Spot	—	......	*34	......

Morning: Cash £324, 25, 25.5, three months £331, 30, 30.5, 30. Kerb: Three months £330, 30.5, 30, 29. Afternoon: Three months £329, 29.5. Kerb: Three months £329.5, 29.

ZINC—Barely changed. Forward metal opened around £349.5 and edged up to £351 influenced by light speculative interest before closing the late kerb at £349.5. Turnover 4,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	340.5-1.5	+2	340.25-1	+1.12
3 months	350.5-1	+1.75	350.25-.5	+1.12
S'ment	341.5	+2	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £351, 51.5, 51. Kerb: Three months £350.5. Afternoon: Three months £350.5. Kerb: Three months £350, 49.5, 50.

ALUMINIUM—Held steady with forward metal moving in a £5 range prior to closing the late kerb at £650. Turnover 6,325 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	652-4	+5	653-5	-.5
3 months	652.5-3.5	-5.25	650-1	-1.5

Morning: Three months £652. Kerb: Three months £654. Afternoon: Three months £653, 52, 51, 50.5, 51, 50, 49, 50. Kerb: Three months £650, 50.5.

NICKEL—Quietly steady with forward metal closing the late kerb at £2,757.5 owing to currency considerations. Turnover 216 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2775-8	+15	2770-5	+5
3 months	2760-3	+5.5	2755-60	+8

Morning: Three months £2,765, 63. Afternoon: Three months £2,760. Kerb: Three months £2,760.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

CORAL INDEX: CLose 493-498 (+4)

Oil Index
Refined July '81 $42.60

Oil Futures
Refined Oct. '81 $45.00

SILVER

Silver was fixed 4.1p an ounce higher for spot delivery in the London bullion market yesterday at 569.9p. U.S. equivalents of the fixing levels were: spot $12.98, up 12.5c; three-month $13.402, up 12.7c; six-month $13.87, up 12.7c; and 12-month $14.782, up 17.5c. The metal opened at 569p-578p ($13-$13.2) and closed at 565p-574p ($12.9-$13.1).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	569.90p	+4.1	571.5p	+4.25
3 months	586.20p	+4.2	587.75p	+5.75
6 months	604.60p	+5.0	—	......
12 months	640.00p	+8.2	—	......

LME—Turnover 150 (117) lots of 10,000 ozs. Morning: Three months 590, 89, 88, 89, 87, 85. Kerb: Three months 585. Afternoon: Three months 585, 86, 87, 87.5. Kerb: Three months 587, 88.

COCOA

A more active market encouraged the mild rally seen yesterday and closing levels were £10 above those of Wednesday evening. This gentle movement, however, failed to affect physical cocoas and producers and consumers remained steadfastly withdrawn, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	890-95	+7.5	895
May	957-58	+10.0	958-52
July	977-78	+9.0	980-73
Sept.	996-97	+6.0	999-94
Dec.	1018-19	+6.5	1021-16
March	1040-41	+7.5	1041-38
May	1057-59	+7.5	1059-55

Sales: 3,397 (2,049) lots of 10 tonnes.

ICCO Futures—Daily price for March 18: 98.58 (97.56); five-day average 97.49 (96.58).

COFFEE

Robustas opened £10 higher against a limit up close in New York and news of a large physical deal, reports Drexel Burnham Lambert. Good trade and commission house buying contributed towards further gains as values pushed towards well established chart resistance levels. Traded volume was encouraging throughout although it was once again boosted by over 4,000 lots of cross and switch trading.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1020-22	+20.0	1022-09
May	1037-38	+18.5	1044-27
July	1048-49	+19.5	1052-36
Sept	1054-55	+15.0	1060-47
Nov	1053-54	+9.5	1060-51
Jan	1064-66	+18.0	1060-50
March	1060-59	+13.5	1054-45

Sales: 8,146 (5,433) lots of 5 tonnes.

ICO Indicator prices for March 18 (U.S. cents per pound): Other Mild Arabicas 124.83 (123.33); Robustas ICA 1976 112.00 (111.50); ICA 1968 112.25 (111.75). Unwashed Arabicas 218.00 (218.50). Comp. daily ICA 1968 unquoted.

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Mar	111.65	-0.85	98.50	-0.40
May	113.45	-0.15	100.60	-0.40
July	116.85	-0.15	—	
Sep	99.35	-0.20	94.30	-0.10
Nov	103.00	-0.25	97.80	-0.15
Jan	105.85	-0.35	101.65	-0.10

Business done—Wheat: March 112.20-11.65, May 113.80-113.35, July 117.20-116.80, Sept. 99.50-99.40, Nov. 103.25-103.00, Jan. 107.10-106.85. Sales 118 lots of 100 tonnes. Barley: March 98.80-98.65, May 101.00-100.60, July on trades, Sept. 94.30 1 trade, Nov. 97.80 1 trade, Jan. 101.65 1 trade. Sales 109 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent March 102.00, April 101.50, May 101.25 transhipment East Coast. English Feed fob May 117.00, June 118.00 East Coast. Maize: French March/April 123.50 transhipment East Coast. Sth. African Yellow March/April 87.00. Barley: English Feed fob April 104.50 seller, May 105.25 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. West 112.00, N. West 114.80. Feed barley: S. East 98.50, S. West 98.40, W. Mids. 97.80, N. West 97.30. The UK Monetary Coefficient for the week beginning Monday, March 23 is expected to remain unchanged.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing quiet. Lewis and Peat reported an fob April price for No. 1 RSS in Kuala Lumpur of 287.5 (289) cents a kg and SMR at 258 (259).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	56.50-57.00	56.80-57.80	—
May	58.00-58.50	58.20-58.50	—
Apr-Jne	58.80-58.50	58.50-59.40	58.50-57.70
Jly-Sept	62.10-62.20	62.10-62.80	62.50-61.60
Oct-Dec	65.30-65.60	65.10-65.20	65.50-64.60
Jan-Mar	68.10-68.30	69.00-69.10	68.10-67.70
Apl-Jne	70.90-71.10	70.90-71.00	71.00
Jly-Sept	73.70-75.90	73.70-73.70	73.60-73.80
Oct-Dec	76.60-76.80	76.50-76.60	76.60-76.20

Sales: 491 (336) at 15 tonnes, none at five tonnes. Physical closing prices (buyer) were: Spot 58.00p (56.50p); April 60.00p (60.50p), May 60.75 (61.00p).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 508.0, 509.0, 509.0-504.0, 32; May 482.0, 484.0, 485.0-489.0, 209; July 482.0, 483.0, 484.0-472.0, 432; Oct. 479.0, 480.0, 482.0-470.5, 197; Dec. 486.0, 486.0, 488.0-476.0, 154; March 493.0, 497.0, 496.0-483.5, 47; May 499.0, 501.0, 502.5-499.0, 29; July 506.5, 506.8, 507.0-496.0, 24. Sales: 1,124.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kg. March 337, 355, nil, nil; May 350, 354, 354-352, 5; Aug. 359, 363, 359, 1; Oct. 367, 368, 366, 1; Dec. 373, 377, 374, 3; Jan. 376, 383, nil, nil; March 380, 385, nil, nil; May 380, 386, nil, nil; Aug. 383, 387, nil, nil. Sales: 10.

SOYAGEAN MEAL

The London market opened unchanged to slightly steadier in quiet trading conditions, reports T. G. Roddick. Prices drifted slightly during the afternoon in mixed trading, closing with losses of around 50p.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
April	123.80-24.0	-0.60	125.10-23.80
June	125.40-25.7	-0.70	128.70-26.40
August	128.00-28.1	-0.25	128.70-28.00
October	130.00-31.8	-0.35	130.00
December	131.00-32.0	-0.75	131.50
February	132.00-34.0	-0.25	—
April	132.00-37.0	—	—

Sales: 105 (38) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £241.00 (£243.00) a tonne for cif March-April-May shipments. White sugar daily price was £275.00 (same).

Currency considerations stimulated buying interest and the market quickly gained some £5 from overnight levels. However, heavier offerings blunted the advance and prices began to ease again, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	243.60-43.65	241.70-41.80	248.00-38.00
Aug.	238.25-38.50	235.80-36.85	240.00-31.00
Oct.	233.25-33.50	232.80-33.25	235.50-27.00
Jan.	220.00-20.25	220.00-20.50	222.00-20.00
March	219.50-20.00	219.00-19.85	222.00-14.00
May	220.00-22.50	219.00-20.00	222.00-18.45
Aug	220.00-21.00	220.75-21.00	—

Sales: 6,415 (9,256) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £318.00 (£320.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for March 18. Daily price 22.08 (22.05); 15-day average 21.84 (21.91).

LONDON POTATO FUTURES—The market fell in all position, with April finding good interest and settling in a £56-£56.50 range. Nov. and Feb. recovered from the lows, with Feb. back to unchanged at the close, reports Coley and Harper. Closing prices: April 56.30 −70 (high 56.50, low 56.10); Nov. 56.70 −20 (high 56.80, low 56.50); Feb. 65.50 (high 65.50, low 65.00). Turnover: 197 (25) lots of 40 tonnes.

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.50-£3.10, codlings £1.00-£2.80. Large haddock £3.00-£3.50, medium £2.00-£2.80, small £1.50-£2.10. Best small plaice £3.00-£3.50. Skinned dogfish (medium) £5.00-£8.00. Lemon soles (large) £13.20, (medium) £12.00. Saithe £0.80-£1.80.

★

HIDES—Manchester: Lighter weights were slightly firmer. Second clears: Ox 31-35.5 kg. 40.7p a kilo (41p a kilo withdrawn), 26-30.5 kg. 46.6p a kilo (46.9p a kilo). 22-25.5 kg. 57.5p a kilo (56.6p a kilo withdrawn). Light cows 45.2p a kilo withdrawn (44.5p a kilo withdrawn).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 484 tonnes, bringing the total for the wek so far to 972 tonnes.

PRICE CHANGES

	Mar. 19 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1470/1500	......	$1465/85
Copper			
Cash w'bar	£825.75	+0.25	£777
3 mths	£846.25	+1.5	£800.5
Cash Cathode	£820.5	+2.5	£772.5
3 mths	£834.5	+1.75	£786.5
Gold troy oz	$508.5	-1	$497.5
Lead Cash	£324	+1.25	£297.5
3 mths	£329.75	+1.5	£307.5
Nickel	£3,358.65	......	£3,156
Freemkt	275/300c	......	280/306c
Platin'mtr'y oz	£213.5	......	£202
Freemkt	£227.55	-1.2	£209.40
Quicksilver†	$415/425	......	$390/400
Silver troy oz	569.90p	+4.10	579.50p
3 mths	586.20p	+4.20	597.70p
Tin Cash	£6,140	-71	£5,927.5
3 mths	£6,203	-45	£6,072.5
Tungsten 22.04 lb	$146.25	......	$144.21
Wolfrm 22.04 lb	$150/154	......	$150/154
Zinc Cash	£340.625	+1.125	£312.5
3 mths	£350.375	+1.125	£323.75
Producers	$825	......	$825
Oils			
Coconut (Phil)	$575w	......	$620
Groundnut	‡	......	‡
Linseed Crude	£413y	......	£400
Palm Malayan	$595z	......	$630
Seeds			
Copra Philip	$380	......	$400
Soyabean (U.S.)	$318y	+1	$306
Grains			
Barley Futures	£100.6	-0.4	£98.85
Maize			
French	£123.50z	......	‡
Wheat			
No 1 Red Spg.	‡	......	‡
No3 HardWint	£102.00	-1.25	£106.75
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,052.5	+10	£935
Future May	£957.5	+10	£881.5
CoffeeF t'May	£1037.5	+18.5	£1026
Cotton A.Index	81.35c	-0.25	85.35c
Rubber (kilo)	56.0p	-0.50	56.50p
Sugar (Raw)	£241	-2	£245
Woolt'ps 64s kl.	512p kilo	-6	512p kilo

† Unquoted. u May-June. x March-April. w April-May. v May. y April. z Indicator. § Buyer. ‡ Per 45 lb flask. * Nominal.

As the daily figure of transactions had only once been exceeded this year, the rate of activity broadened appreciably. Numerous styles were under consideration, with North and South American leading the way, followed by useful enquiry in African growths.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 71.5 to 75.8. Veal: Dutch hinds and ends 110.0 to 114.0. Lamb: English small 73.5 to 81.8, medium 73.0 to 79.5, heavy 60.0 to 77.0; Imported frozen: New Zealand PL 54.0 to 55.0, PM 53.0 to 54.0. Pork: English, under 100 lb 44.0 to 51.0, 100-120 lb 43.0 to 50.0, 120-160 lb 39.0 to 46.5.

MEAT COMMISSION—Average Fatstock prices at representative markets on March 19. GB—Cattle 88.96p per kg lw (+1.19). UK—Sheep 171.19p per kg est dcw (+3.04). GB—Pigs 71.85p per kg lw (−1.57).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.50-5.05: Spania: Navels 48/100 4.20-4.80: Cyprus: Shamoutis/V. Lates 80/108 3.60-3.80. Lemons—Spania: Trays 25/54 2.20-2.40; Cyprus: 10 kg 4.00-4.50; Californian: 95/140 6.50; Italian: 100/120 2.75-4.50; S. African: 80/100 5.80; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.00-3.40; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Mandarins—Spania: 125/140 4.20, 154 4.00, 168 3.80, 182 3.40. Wilkings—Spania: 80/88 5.50, 126 5.20, 140 5.00, 154 4.80, 168 4.50, 182 4.20; Jaffa: 22 lb 80/90 4.20. Apples—French: Stark Crimson 40 lb 4.60-5.50, 20 lb 72 2.60, 84 2.20, Granny Smith 40 lb 6.00-6.80, 20 lb 72 3.20, 84 2.60, Golden Delicious 40 lb 125/175 4.40-5.50, 20 lb 72 2.70, 84 2.30; S. African: Dunn's Seedling 168/125-8.00-8.50; Italian: 40 lb

AMERICAN MARKETS

NEW YORK, March 19.

PRECIOUS METAL and copper were under pressure from profit taking but gold saw a good rally toward the close. Sugar declined on a lack of follow-through. Rumours of large direct sales to roasters by Pancafe helped again ignite the coffee market t othe upside. Cocoa lost most of its early gains on arbitrage selling. Cottno was mixed as the trade and locals evened up ahead of the Government planting intentions report. Maize and soyabeans were mixed ahead of the report. The livestock complex led by the strength in pork recovered nicely from heavy speculative pressure. Heating oil ran into technical selling on light volume, reported Heinold.

Copper—March 85.30 (85.95), April 85.60 (86.35), May 86.55-86.80, July 88.75-88.90, Sept. 91.30, Dec. 94.20, Jan. 95.00, March 97.40, May 98.70, July 100.55, Sept. 102.40, Dec. 105.40, Jan. 106.40.

Potatoes (round whites)—April 149.5-149.9 (148.3), Nov. 87.11-87.5 (87.7). Sales: 1,595.

Sugar—No. 11: May 22.05-22.26 (22.37), July 22.00-22.05 (22.32), Sept. 21.70, Oct. 21.45-21.50, Jan. 20.00-20.20, March 20.10-20.20, May 20.20-20.30, July 20.40. Sales: 10,457.

Tin—638.0-650.0 (634.0-651.0).

CHICAGO, March 18.

Lard—Chicago loose 19.75 (19.50). Live Cattle—April 59.90-60.00 (60.37), June 64.05-64.15 (64.10), Aug. 65.00-64.50, Oct. 63.40-63.35, Dec. 65.00-65.20, Feb. 66.35, April 67.25.

Live Hogs—April 39.95-40.00 (39.50), June 45.20-45.00 (44.52), July 46.25-46.05, Aug. 45.50-45.40, Oct. 45.20, Dec. 49.00-48.80, Feb. 52.10, April 50.70, June 54.00.

‡‡Maize—March 335¾-355 (353¾), May 363-362 (362¾), July 372½-371, Sept. 373½-374½, Dec. 374½-376, March 386-385½.

Pork Bellies—March 43.75 (41.95), May 44.95-45.30 (43.30), July 46.55-46.75, Aug. 45.80-46.00, Feb. 58.15, March 57.70, May —.

†Soyabeans—March 758 (755), May 772-770 (770½), July 794-793½, Aug. 803-802, Sept. 813-814, Nov. 825-824½, Jan. 843-843½, March 863½.

‖Soyabean Meal—March 212.5 (213.0), May 218.2-217.8 (219.2), July 225.3-224.8, Aug. 228.0-228.3, Sept. 231.0-231.5, Oct. 234.5-235.0, Dec. 238.0-238.3, Jan. 240.8, March 245.0-247.0, May —.

Soyabean Oil—March 24.90-24.87 (24.75), May 25.38-25.32 (25.09), July 26.15-26.10, Aug. 26.30, Sept. 26.50-26.45, Oct. 26.70-26.65, Dec. 27.20, Jan. 27.30-27.25, March 27.85-27.95, May 28.35-28.45.

†Wheat—March 427 (432), May 433½-432½ (438¾), July 439½, Sept. 455½-456, Dec. 475½, March 492½.

WINNIPEG, March 18. §Barley—March 148.60 (149.10), May 150.20-150.50 (151.10), July 151.10, Oct. 150.30, Dec. 149.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

††Cocoa—March 2,064 (2,020), May 2,098 (2,053), July 2,140, Sept. 2,175, Dec. 2,233, March 2,283, May 2,320, July —. Sales, 1,509.

Coffee—"C" Contract: March 122.80 (118.50), May 123.82 (119.82), July 124.98, Sept. 126.25, Dec. 125.80-125.89, March 124.66, May 124.38, July 124.25. Sales, 2,777.

Cotton—No. 2: May 86.05-86.20 (87.43), July 87.10-87.20 (88.42), Oct. 85.00, Dec. 82.60-82.65, March 83.25, May 84.00-84.30, July 84.50-85.00. Sales, 7,600.

*Gold—March 506.9 (507.0), April 508.0-511.5 (509.0), May 514.0, June 518.5-521.5, Aug. 533.0, Oct. 542.7, Dec. 554.0-558.0, Feb. 569.0, April 577.5, June 589.1, Aug. 600.3, Oct. 612.5, Dec. 624.3. Sales, 43,000.

Heating oil (cents per U.S. gallon)—April 0.9665 (0.9850), May 0.9725 (0.9760), June 0.9775, July 0.9840, August 0.9900, Sept. 1.0110, Oct. 1.0275, Nov. 1.0525, Dec. 1.0725, Jan. 1.0990, Feb. 1.1200, March 1.1300. Sales: 2,768.

Orange Juice—March 130.70-131.15 (127.15), May 135.60 (130.60), July 138.35, Sept. 141.70, Nov. 140.95, Jan. 138.75, March 140.00, May 141.25, July 142.00. Sales.

*Platinum—March 521.0 (509.5), April 521.0-525.0 (511.9), May —, July 535.0-538.0, Oct. 554.0, Jan. 571.5, April 589.0. Sales: 3,649.

¶Silver—March 1312.0 (1276.0), April 1314.0 (1282.0), May 1318.0-1335.0, July 1353.0-1365.0, Sept. 1393.0, Dec. 1430.0, Jan. 1456.5, March 1488.0, May 1519.5, July 1551.0, Sept. 1582.5, Dec. 1630.0. Sales: 4,000. Handy and Harman bullion spot 1295.0 (1222.0).

CHICAGO, March 18.

Chicago 1mm Gold—March 511.8 (508.0), April 509.0 (509.5), June 519.5-520.5, July 525.7, Sept. 535.0-537.5, Oct. 543.0, Dec. 555.0, Jan. 560.3, March 577.5, April 579.2.

WINNIPEG, March 18.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 261.45 (263.75).

EUROPEAN MARKETS

ROTTERDAM, March 19.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent April/May $212, June/July $211. U.S. No Two Red Winter April $208.50, May $207.50, June/July $193. U.S. No Two Northern Spring 14 per cent April/May $210, May $209.50, June $210.50, July $212.50, Aug./Sept. $213.50.

Maize—U.S. No Three Corn Yellow afl $164, Mar. $165, April $164, May $166.50, June $170, July/Sept. $173.50, Oct./Dec. $173, Jan./Mar. $185.

Soyabeans—U.S. Two Yellow Gulfports April $310, May $313, June $317, July $319.75, Aug. $322, Sept. $325.75, Oct./Nov. $330, Dec. $338.75, Jan. $342.50, Feb. $348.50, Mar. $351. Argentine June/July $311.50 sellers tradeless.

Soyameal—44 per cent protein U.S. unloading $280.50, afl $272.50, Mar. $270/$269.50, April/May $269.50 traded, April/Sept. $277, Nov./Mar. $295.50. Brazil Pellets afl $289, Mar. $288, April/May $281.50, April/June $285, April/Sept. $289.50 sellers.

PARIS, March 19.

Cocoa (FFr per 100 kilos)—Mar. 980/1039, May 1030/1040, July 1048, Sept. 1090/1100, Dec. 1104/1120, Mar. 1120/1145, May 1140/1160. Sales at call nil.

Sugar (FFr. per tonne)—May 2995/3005, July 2978/3004, Aug. 2865/2865, Oct. 2665/2674, Nov. 2650/2680, Dec. 2540/2620, Mar. 2460/2510, May 2460/2520. Sales at call 3.

INDICES

FINANCIAL TIMES

Mar. 18	Mar. 17	Month ago	Year ago
259.86	257.79	254.17	292.49

(Base: July 1, 1952=100).

MOODY'S

Mar. 18	Mar. 17	Month ago	Year ago
1145.8	1129.7	1145.6	1207.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 18	Mar. 17	Month ago	Year ago
Spot	421.70	420.57	423.11	422.11
Fut'r's	432.43	430.56	438.99	455.71

(Average 1924-25-26=100)

REUTERS

Mar. 18	Mar. 18	M'nth ago	Year ago
1702.7	1708.6	1698.8	1748.4

(Base: September 18, 1931=100)

Widespread advance spurred by interest rate hopes

Long Gilts strong—Share index up 5.6 at 496.7

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21

* "New time" dealings may take place from 9 am two business days earlier.

A strong performance by British Funds, founded on increased optimism about another reduction soon in domestic interest rates and the continuing downturn in U.S. rates, set in motion a further broad advance on London stock markets yesterday.

Favourable statistics showing a halving in manufacturing industry average earnings compared with the last wage round gave rise to the MLR hopes. Further support of Gilt-edged securities was encouraged and, in extremely thin trading conditions, longer maturities were quick to respond.

The Government broker sold more of the £15-paid medium tap Exchequer 12½ per cent 1990, at 15¾ before withdrawing at that price. Confirmation of February's near 1 per cent rise in money growth made little impression, but towards the close some quotations did ease marginally from the day's best. Final gains still ranged to a point, however. Treasury 13 per cent 2000, closing that much up at 99½. The FT Government Securities index broke through the 70-level for the first time in over three months to close 0.34 higher at 70.32.

Economic indicators suggesting that the trough of the recession may have passed also helped the equity sectors. Institutional support left its mark on selected issues, and leading shares, after being initially overshadowed, joined in the advance. The FT 30-share index extended a rise of only 0.5 at the 10 am calculation to one of 5.6 at the close of 496.7 for an uninterrupted improvement of 19.5 so far this week.

Bid speculation was again notable in many areas of the market and, of the sectors, Buildings attracted both investment and speculative interest. Insurances also figured prominently, interest here being enlivened by talk of a bid for **Commercial Union**, subsequently denied by the company. Attention was directed to Leisure issues following **Grand Metropolitan's** agreed bid for **Warner Holidays**.

Traded options attracted a total of 1,772 contracts, although demand was of a selective nature. **Commercial Union** were particularly active, recording 658 trades, while **Grand Metropolitan** and **Land Securities** were dealt in 390 and 216 times respectively.

CU bid denial

Early interest in Insurances centred on **Commercial Union**, which rose sharply to 173p on a forceful demand before takeover rumours were scotched by the company and a reaction ensued which left the shares only 3 up on balance at 167p. Other Composites made ground earlier in sympathy and **General Accident** ended 8 higher at 340p, while **GRE**, 352p, and **Phoenix**, 286p, rose 6 apiece. Life issues continued firmly with **Pearl** up 4 more at 446p and **Hambro Life** similarly better at 356p.

A dull market last week in the wake of the substantial fund-raising proposals and 25 per cent scrip-issue, **Hongkong and Shanghai** rallied well on Far-Eastern influences to close 13 higher at 185p. Elsewhere in the banking sector, **Midland** improved 4 to 312p awaiting today's preliminary results, which will bring the clearer's dividend season to a close. Participants in the sector's latest merger both made progress, **Royal Bank of Scotland** finishing 4 higher at 134p and **Standard Chartered** 7 better at 653p. Among Merchant Banks, **Mercury Securities** put on 8 at 228p and **Hill Samuel** 4 at 137p.

Breweries came in for limited investment support and **Whitbread** added 4 more at 152p, while **Bass**, 212p, and **Scottish and Newcastle**, 61½p, both firmed 3. **Boddingtons** advanced 12 to 123p following pleasing annual results and **Belhaven** put on 3 at 37p, the latter after purchasing a controlling stake in Miss World. Wines and Spirits were selectively firm. **Invergordon** remained to the fore with a rise of 6 more to 182p; a statement concerning Hawker Siddeley's stake in the company is expected shortly. **Tomatin**, on the other hand, reported a full-year loss and lost 4 to 108p; Heineken is to inject £1.35m into the company by a Scheme of arrangement.

Buildings made further good progress on cheaper money hopes. Stock shortage often exaggerated the gains and **BPB Industries** gained 16 to 265p, while **Tarmac**, 314p, and **Wimpey**, 108p, rose 5 apiece. **Taylor-Woodrow** firmed 7 to 523p and **Barratt Developments**, still reflecting the better-than-expected interim results, put on 9 more at 239p. **Marchwiel** advanced 6 for a two-day gain of 14 to 110p following the proposed offer for sale of shares in its South African subsidiary. Elsewhere, **H.A.T.** touched 71p before closing a net 2 dearer at 69p, **French Kier** put on 5 to 63p and **Walter Lawrence** 8 to 102p. **Ward Holdings**, 59p, and the Deferred, 42p, both improved 4, while **Wilson (Connolly)** gained 7 to 212p. **Sharpe and Fisher** moved up to 49p prior to ending unchanged on balance at 47p following the preliminary results. Against the trend, **M.D.W.**, a good market recently on bid speculation, gave up 4 at 94p and **Brown and Jackson** drifted 6 lower to 88p.

Interest in **ICI** remained in low key and the close was 2 higher at 236p, after 238p.

H. Goldman good again

Stores attracted a better business than of late, although trading was still described as thin. **British Home** added 4 at 151p and **GUS A** firmed 7 to 470p. Away from the leaders, **Waring and Gillow** rose 8 in a thin market to 136p, while **Currys** revived with a gain of 14 to 332p. Rises of 6 were noted in **Peters**, 110p, and **Empire**, 136p. **R. and J. Pullman** closed 4 dearer at 54p and **H. Goldman** put on 5 to 46p; Mr. Harvey Michael Ross now holds a near-18 per cent stake in the latter.

Led by **Plessey**, 6 better at 332p, after 334p, the Electrical leaders made some progress. **BICC** rose 4 to 213p after the dividend and profits forecast, which accompanied news that the group's acquisition of Boschert Inc., foreshadowed in December, had been completed for a consideration of £13m cash, raised by a placing of 6¼m new Ordinary shares. Elsewhere, **Pressac** dropped to 22p on the interim dividend cut and first-half deficit but rallied sharply to close a net penny harder at 27p. **AB Electronics**, 116p, **Eurotherm**, 300p, and **Ferranti**, 557p, all improved 7, while **Electronic Rentals** put on 5 at 116p. **F. W. Thorpe**, however, softened 2 to 105p following disappointing half-year figures.

Engineerings were featured by renewed strength in **Tubes** and **Hawker**; the former closing 8 to the good at 196p and the latter 10 higher at 290p. **GKN** edged forward a penny to 137p after further consideration of the results. Elsewhere, **Hall** jumped 15 to 170p in response to the better-than-expected preliminary figures and **Anderson Strathclyde** gained 6 to 87p on an investment recommendation. Hopes of a bid from Diamond Industries in the wake of the poor figures helped **Howard Machinery** put on 5 at 35p. **Camford** found support at 24p, up 5½, while **600 Group** put on 5 at 78p and **APV** advanced 7 to 222p. **Wolseley Hughes** eased 4 to 228p on news of the halved half-year earnings and **William and James** lost 2 at 66p, after 63p, following the reduced dividend payment and loss.

Steetley feature

Cadbury Schweppes' preliminary results were well received and the price rose 5 to 83p. Among Food Retailers, **Kwik Save** stood out with a gain of 10 to 200p and **J. Sainsbury** improved the same amount to 355p, but **Bejam**, still unsettled by the interim results, shed 4 more to 111p. Elsewhere, **Barker and Dobson** were quoted ex the rights issue at 4½p the new nil-paid shares at 2½p premium.

Hotels and Caterers attracted a good trade and closed with substantial gains. **Ladbroke** were especially prominent, at 286p, up 12, with the Warrants 5 firmer at 194p. Demand in a thin market lifted **De Vere** 16 to 230p, while **Epicure** firmed 2 to 28p following the sale of the White Hart Hotel to Trusthouse Forte for £1.17m cash. **Warner Holidays**, in receipt of an agreed bid from Grand Metropolitan, rose 3 more to 129p.

Steetley rose 11 to 181p and **Hepworth Ceramic** advanced 9 to 112p, after 113p, both in response to their respective preliminary results. **Johnson Matthey** jumped 15 to 253p on revived talk of a bid from Charter Consolidated. Bid speculation also prompted a rise of 5 in **Avon Rubber** at 103p and a similar improvement in **Chubb** at 91p. **J. Billam** attracted buyers and rose 12 to 86p, while rises of 8 and 9 respectively were seen in **Granada A**, 232p, and **Dalgety**, 307p. **Sale Tilney** rose 10 to 180p following the increased dividend. **Thomas Tilling**, on the other hand, lost 8 to 154p after comment on the results. **ICL** were suspended at 44p prior to the after-hours announcement that the Government are guaranteeing the company aid of £200m over the next two years. **Bowater** featured among the firm miscellaneous industrial leaders, closing 6 higher at 211p, after 213p, on demand ahead of the preliminary results due shortly.

The Leisure sector made a spirited showing, **Pleasurama** gaining 9 to 213p and **Management Agency and Music** 10 to 198p. **Horizon Travel** put on 7 to 203p and **Saga Holidays** firmed 5 to 262p.

Coach builders **Plaxtons** remained depressed by the proposed production cut-backs and fell 13 more to a 1980-81 low of 130p.

Liverpool Daily Post and Echo were marked 25 higher to 115p, the substantial reduction in annual earnings being outweighed by the company's recovery prospects. Other provincial Newspaper concerns trended firmer, notably **Home Counties**, 5 up at 58p, and **Portsmouth and Sunderland**, a like amount better at 105p. Agencies, firm of late, were further bolstered by Press comment and **Geers Gross** appreciated 10 more to 112p. **Mills and Allen**, interim results expected today, rose 7 to 372p.

Leading Properties, particularly firm Wednesday on hopes of lower interest rates, took a breather. **Land Securities** touched 417p before reverting to the overnight level of 414p, while **MEPC** settled 2 cheaper on balance at 236p, after 241p. Selected secondary issues, however, made fresh progress. **Trust Securities**, helped by favourable Press comment, firmed 9 to 317p, **M.P. Kent** gained 7 to 148p and **Clarke Nickolls** 5 to 148p. **Percy Bilton** improved 6 to 216p and **C. H. Beazer** 4 to 124p, while **A. and J. Mucklow** hardened 3 to 122p, the last-named following the interim results. Elsewhere, **Phoenix Mining and Finance** attracted speculative support and gained 5 to a 1980-81 peak of 62p.

Tricentrol please

Oils had a firm feature in **Tricentrol** which rose 18 to 306p following the better-than-expected preliminary results and the surprise demerger proposals. Other issues passed a rather subdued session and closed with modest losses, **British Petroleum** finishing 2 cheaper at 390p and **Shell** 4 off at 396p. **Ultramar** cheapened 10 to 480p. Elsewhere, **NCC Energy** touched 144p before closing 2 dearer on balance at 140p pending bid developments. **Global Natural Resources** gained another 25 to 565p, while **Energy Capital** put on 7 to 115p, after 118p.

Elder Smith Goldsborough Mort advanced 17 to 195p in response to the partial bid from Bell Group.

S. Pearson shook off recent concern about the profitability of its Fairey subsidiary and, at 202p, recovered 9 of the previous day's fall of 11. Elsewhere in Financials, **Britannia Arrow** hardened 2½ at 46½p following the near-doubled preliminary profits.

Shippings turned firmer and closed with useful gains across the board. **LOFS** rose 5 to 42½p, while renewed support lifted **Reardon Smith A** 7 to 169p. **British and Commonwealth** closed 8 up at 302p.

Quiet Mines

Mining markets generally held steady in quiet trading as the bullion price marked time prior to closing $1 easier at $508.6 an ounce.

Adverse Press comment in the U.S. led to minor selling of South African Golds in early trading, but the market easily absorbed the initial offerings and tended to close little changed on overnight levels. The Gold Mines index showed a 0.4 decline at 346.5.

Among the heavyweights falls of ⅛ were common to **Randfontein** and **Vaal Reefs** at £28 and £29¼ respectively, while losses of ¼ were common to **Western Deep**, £21⅛ and **President Brand**, £18¾. On the other hand, **Winkelhaak** rose ⅜ to £14⅞ as did **Southvaal** £13½.

Financials were mixed. In the London issues **Tanks** climbed 12 more to 312p, a two-day gain of 32, on renewed takeover speculation. In South Africans "**Amcoal**" further responded to the annual report with a gain of ½ to £12¼. "**Johnnies**" rose a half-point to £30½ following news of the proposed acquisition of the outstanding stock in Tavistock Collieries.

Australians were usually firmer with the leading issues making headway on takeover speculation. **MIM Holdings** advanced 6 to 236p, **Peko-Wallsend** 15 to 480p and **Western Mining** 2 to 277p. Among speculative counters, **Meekatharra** dropped 20 to 330p and **North West Mining** 4 to 66p.

FINANCIAL TIMES STOCK INDICES

	Mar. 19	Mar. 18	Mar. 17	Mar. 16	Mar. 13	Mar. 12	A year ago
Government Secs.	70.32	69.98	69.82	69.93	69.65	69.66	64.34
Fixed Interest	72.00	71.75	71.65	71.62	71.59	71.56	64.78
Industrial Ord.	496.7	491.1	487.6	479.8	477.2	481.0	433.2
Gold Mines	346.5	346.9	342.9	344.3	336.1	319.0	316.0
Ord. Div. Yield	6.66	6.61	6.89	7.00	7.02	6.97	7.93
Earnings, Yld. % (full)	13.80	13.94	14.53	14.75	14.81	15.27	19.75
P/E Ratio (net) (*)	8.97	8.88	8.51	8.38	8.35	8.04	6.18
Total Bargains	26,447	23,876	24,350	21,969	24,269	21,783	20,919
Equity turnover £m.	—	155.52	146.57	100.24	170.58	143.97	87.12
Equity bargains total	—	20,812	21,340	17,667	20,227	18,258	15,919

10 am 491.6. 11 am 494.3. Noon 496.1. 1 pm 497.3.
2 pm 497.5. 3 pm 497.5.
Latest Index 01-246 8026.
*Nil=8.36.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.64 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/5/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	559.9 (22/9/80)	265.5 (18/5/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 19	Mar. 18
Daily		
Gilt Edged Bargains	160.5	164.6
Equities Bargains	134.8	138.3
Value	314.5	294.2
5-day Avrge.		
Gilt Edged Bargains	191.0	207.9
Equities Bargains	127.4	120.9
Value	289.4	292.5

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (174)

BRITISH FUNDS (10)
COMMONWLTH. & AFRICAN LOANS (2)
AMERICANS (2)
BANKS (1)
BEERS (3)
BUILDINGS (29)
DRAPERY & STORES (4)
ELECTRICALS (9)
ENGINEERING (8)
FOODS (8)
HOTELS (3)
INDUSTRIALS (26)
INSURANCE (7)
LEISURE (5)
MOTORS (2)
NEWSPAPERS (4)
PAPER (7)
PROPERTY (16)
SHIPPING (3)
TEXTILES (3)
TRUSTS (17)
OIL & GAS (5)

NEW LOWS (9)

STORES (1)
Sallncourt
ENGINEERING (1)
Williams & James
INDUSTRIALS (2)
Eastern Produce Neil & Spencer
MOTORS (3)
Hesketh Motor Plaxton's
Hanger Invs.
NEWSPAPERS (1)
Haynes Publishing
OVERSEAS TRADERS
African Lakes

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	2	19
Corpns., Dom. and Foreign Bonds	22	2	41
Industrials	444	102	824
Financial and Prop.	260	34	209
Oils	20	19	35
Plantations	6	1	16
Mines	47	41	77
Others	55	37	47
Totals	918	238	1,268

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thurs., March 19, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. March 18 Index No.	Tues. March 17 Index No.	Mon. March 16 Index No.	Fri. March 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	323.83	+1.0	12.30	4.90	9.96	320.63	318.78	313.03	310.88	231.81
2	Building Materials (26)	286.89	+2.2	16.12	6.02	7.42	280.71	278.89	275.29	274.22	227.29
3	Contracting, Construction (26)	534.81	+2.8	17.06	4.81	7.05	520.29	508.54	492.57	486.52	355.06
4	Electricals (27)	1046.83	+0.3	8.29	2.51	14.91	1043.80	1044.25	1027.87	1015.81	600.40
5	Engineering Contractors (11)	425.31	—	14.02	6.08	9.10	425.25	423.92	415.46	413.03	273.71
6	Mechanical Engineering (72)	193.36	+1.6	14.38	6.48	8.79	190.38	188.28	185.11	183.97	156.25
8	Metals and Metal Forming (13)	148.72	+2.3	12.14	8.78	10.81	145.38	143.11	141.55	144.01	159.50
9	Motors (21)	88.87	+0.5	19.89	9.22	5.82	88.44	88.95	88.87	88.09	105.41
10	Other Industrial Materials (16)	340.79	−0.2	12.49	6.02	9.53	341.64	339.21	327.74	327.19	0.00
21	CONSUMER GROUP (197)	252.00	+1.5	14.80	6.24	8.22	248.18	246.14	242.36	240.75	212.91
22	Brewers and Distillers (20)	276.55	+1.7	16.75	6.62	7.08	271.81	267.88	264.43	263.48	257.50
25	Food Manufacturing (22)	234.27	+1.7	16.84	6.77	7.06	230.41	229.59	225.62	223.45	189.82
26	Food Retailing (14)	468.85	+2.0	9.61	3.45	12.30	459.67	453.70	447.16	445.88	296.34
27	Health and Household Products (7)	266.16	+1.4	9.98	5.36	11.91	262.36	263.81	258.10	255.15	205.51
29	Leisure (22)	387.02	+2.2	13.59	5.82	9.16	378.53	373.36	368.11	364.50	289.03
32	Newspapers, Publishing (12)	461.76	+3.2	19.04	6.94	6.86	447.42	446.51	441.73	441.01	405.87
33	Packaging and Paper (15)	126.89	+1.6	24.03	9.20	4.84	124.84	124.29	122.58	120.80	125.38
34	Stores (44)	255.34	+1.6	11.60	4.95	11.31	251.42	249.34	243.67	242.56	214.32
35	Textiles (21)	142.37	+0.8	15.43	9.38	8.75	141.28	139.72	138.41	137.10	124.68
36	Tobaccos (3)	211.58	−0.5	26.86	11.00	4.24	212.67	211.19	213.17	212.07	197.76
39	Other Consumer (17)	260.28	+0.4	9.91	7.39	12.72	259.25	257.73	257.20	256.25	0.00
41	OTHER GROUPS (79)	209.93	+1.3	14.64	7.23	8.45	207.28	207.07	204.99	203.40	198.59
42	Chemicals (15)	245.18	+1.2	13.21	8.54	9.61	242.22	241.62	239.27	235.35	293.92
44	Office Equipment (6)	108.50	+0.3	17.16	7.66	6.91	108.18	108.46	107.38	105.50	110.88
45	Shipping and Transport (13)	595.44	+1.4	12.75	6.22	9.60	587.24	584.67	577.32	578.18	453.15
46	Miscellaneous (45)	273.53	+1.5	16.27	6.17	7.56	269.38	269.62	267.10	267.13	232.17
49	INDUSTRIAL GROUP (488)	270.58	+1.3	13.82	5.86	8.84	267.12	265.41	261.25	259.45	220.99
51	Oils (12)	830.61	−0.6	22.30	6.79	5.16	835.51	831.90	822.89	851.79	749.03
59	500 SHARE INDEX	315.08	+0.9	15.55	6.05	7.72	312.24	310.39	305.83	306.39	262.68
61	FINANCIAL GROUP (118)	252.71	+0.7	—	5.45	—	250.96	248.29	243.93	243.66	188.45
62	Banks (6)	234.94	+0.8	40.88	7.57	2.97	233.09	235.18	224.98	227.03	205.81
63	Discount Houses (10)	308.61	+0.5	—	6.00	—	307.18	307.33	307.12	307.48	207.40
64	Hire Purchase (4)	271.56	−0.2	8.29	4.81	16.69	272.04	269.49	252.62	239.14	185.68
65	Insurance (Life) (10)	273.59	+0.9	—	4.88	—	271.09	263.82	259.01	257.45	167.82
66	Insurance (Composite) (9)	168.60	+1.2	—	7.10	—	166.64	164.27	162.01	160.31	122.99
67	Insurance Brokers (9)	341.62	+1.2	12.85	6.78	10.62	337.43	341.59	339.39	339.60	288.36
68	Merchant Banks (13)	150.67	+1.1	—	5.20	—	148.97	148.48	147.33	147.91	99.61
69	Property (46)	489.33	—	3.07	2.55	45.20	489.23	478.52	471.67	473.36	356.88
70	Miscellaneous (11)	171.29	+0.9	15.77	6.03	8.04	169.78	168.70	176.40	175.51	127.00
71	Investment Trusts (109)	292.74	+1.0	—	5.26	—	289.81	287.71	285.59	285.54	204.96
81	Mining Finance (3)	230.19	—	14.70	5.83	8.07	230.19	229.36	231.28	232.44	191.23
91	Overseas Traders (20)	446.32	+0.9	11.81	6.62	10.42	442.41	442.60	440.99	440.76	390.01
99	ALL-SHARE INDEX (750)	302.65	+0.9	—	5.89	—	300.09	298.08	293.94	294.29	244.91

FIXED INTEREST PRICE INDICES

	British Government	Thurs. March 19	Day's change %	Wed. March 18	xd adj. today	xd adj. 1981 to date
1	5 years	108.96	+0.05	108.91	—	2.48
2	5-15 years	113.10	+0.56	112.69	0.22	2.24
3	Over 15 years	117.56	+0.79	116.63	—	2.16
4	Irredeemables	130.14	+1.06	128.78	—	1.78
5	All stocks	112.97	+0.49	112.48	0.07	2.25
6	Debentures & Loans	88.88	+0.52	88.42	—	2.87
7	Preference	68.29	+0.02	68.28	—	2.49

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Thurs. March 19	Wed. March 18	Year ago (approx.)
1	Low Coupons	5 years	11.22	11.25	13.13
2		15 years	11.95	12.03	12.95
3		25 years	12.08	12.17	12.95
4	Medium Coupons	5 years	12.95	12.98	15.04
5		15 years	13.43	13.55	14.54
6		25 years	13.18	13.31	14.33
7	High Coupons	5 years	12.97	13.00	15.11
8		15 years	[illegible]	[illegible]	14.86
9		25 years	[illegible]	[illegible]	14.71
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	13.86	13.95	15.56
12		15 years	14.17	14.24	15.54
13		25 years	14.39	14.28	15.32
14	Preference		14.36	14.37	15.65

† Flat yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BPB	265	+16	Liverpool Daily Post	115	+25
Bowater	211	+6	LASMO	620	+5
Cadbury Schweppes	83	+5	Plessey	332	+6
Commercial Union	167	+3	Steetley	181	+11
Hawley Leisure	57	−1	Tilling (T.)	154	−8
Hepworth Ceramic	112	+9	Tricentrol	306	+18

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wed.'s closing price pence	Day's change	Stock	No. of price changes	Wed.'s closing price pence	Day's change
GKN	36	136	+5	Davies Nwmn.	15	172	+4
BP	18	392	—	Dowty	15	267	+8
ICI	17	234	—	GEC	15	655	—
Land Sec.	17	414	+12	RTZ	15	460	−3
Marks & Spen.	17	120	+2	Trnr. & Newll.	15	83	+3½
Ryl. Bk. Scot.	17	130	−8	De Beers Dfd.	14	375	+5
Shell Tr.	17	400	+4	Thorn EMI	13	320	+5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20

For rate indications see end of Share Information Service

Money was given for the call of British Aerospace, Rustenburg Platinum, Tanks, Turner and Newall, ICI, GKN, S. Pearson, House of Fraser, Booker McConnell, Britannia Arrow, Premier Oil, North Kalgurli, Conex, Canadian Pacific Minerals, Burmah, Keith Collins Petroleum and Howard Machinery. Puts were done in Avana and NCC, while doubles were arranged in FNFC and Appleyard.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
150	F.P.	3/4	179	170	British Aerospace 50p	176	+1	b7.8	3.0	6.3	11.3
10	F.P.	27/3	18	13¾	‡Crest Intl.Scs. 10p	18	.....	—	—	—	—
100	F.P.	1/5	120	105	Cystic Fibr Inv Tst £1	116	−2	—	—	—	—
5½	F.P.	—	8	6½	‡Dunton 5p	7	.....	—	—	—	—
[illegible]	F.P.	—	145	112	‡† Eglinton Oil & Gas	136	−5	—	—	—	—
75½	F.P.	—	105	88	Espley-Tyas Prop	96	+3	b3.92	1.2	5.8	19.9
100	F.P.	13/3	118	94	New Darien Oil Trust	96	+1	—	—	—	—
—	F.P.	—	57	44	Do. Warrants	55	.....	—	—	—	—
42	F.P.	13/5	45	38	Oil & Gas Production	38	.....	—	—	—	—
4.2	P.P.	13/5	9	7½	Do. (£0.01 pd.)	9	+½	—	—	—	—
[illegible]	F.P.	—	16xd	12	‡Parkfield Fndrs. 5p	16xd	..	0.88	6.4	7.8	2.8
81½	F.P.	16/2	106	96	Sonic Sound Audio 10p	100	.....	b4.48	1.9	6.4	9.7
100	F.P.	—	101	98	T. R. Energy	100	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
¶100	£10	21/5	12½	11½	Bristol Water 8% Red. Prof '86	12½	.....
77	F.P.	1/5	74	70	Cystic Fibrosis Res'ch In. Tst. 5% Deb. '86	70	.....
[illegible]	£20	27/3	22	20½	Iceland 14½% 016	21¼	.....
96	F.P.	24/7	112	102	Mid-Sussex Water 8% Pref. 1985	102½	.....
[illegible]	F.P.	—	169p	147p	Sterling Credit 9% Cnv. Red. Cum. Prf.	156p	.....
[illegible]	£10	26/6	12½	12½	Sutton District Water 8% Pref.	12½	.....
110½	F.P.	20/3	121½	107	Yorks Fine Wool 11% Cum. Red. Cnv. Prf	107	.....

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date		1980/81 High	1980/81 Low	Stock	Closing price p	+ or −
128	F.P.	27/2	27/3	128	115	Argyll Foods	124	.....
164	F.P.	9/3	22/5	184	171	Assoc. Dairies	184	+2
2	Nil	—	—	3pm	2½pm	Barker & Dobson A	2½pm	.....
$A9	Nil	—	—	255pm	175pm	Broken Hill Prop.	255pm	+5
60	F.P.	16/2	27/3	90	71	Norcros	90	+5½
45p	F.P.	9/3	3/4	50	43	Paradise B.	43	.....
A1¼	Nil	—	—	46pm	33pm	Woodside	46pm	+4

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 95.7 95.8 ..... 14.61
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa DM30.90 32.50 ..... —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. March 10 $4.14 4.35 ..... —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.20 17.20 17.30 +0.10
Int. Rentenfonds DM59.20 61.10 ..... —

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
H.S. Channel Is. Fd. 142.0 151.9 ..... 3.25
H.S. Fixed Int. Fd. 93.0 98.0 ..... 12.50

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 2[illegible]
O.C. America Fd.† US$2.61 2.77 ..... —
O.C.Sm. Co. 111.2 118.2 ..... —
O.C. Commodity 90.3 96.0 ..... —

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	58.0	62.4	-0.2	2.32
Abbey Capital	46.3	50.1	+0.4	4.89
Abbey General	55.7	60.2	+0.6	5.10
Abbey Gilt & F.I. Tst.	107.3	112.9xd	+0.5	11.60
Abbey Income	35.3	38.2	+0.3	9.39
Abbey W'Wide Bd Tst.	94.4	99.9	.....	6.71
Abbey Inv. Tst. Fd.	50.3	54.4	+0.3	4.67
Equitas Prog. Tst.	81.0	87.4	+0.8	4.67

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	87.5	92.0	+0.2	12.50

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	89.4	95.7xd	+0.9	5.85
Brit. Inds. Fund	78.0	83.5	+0.9	6.11
Growth & Income	51.6	55.2	+0.6	4.89
Elect. & Ind. Dev.	45.2	48.4	+0.6	5.17
Allied Capital	97.8	104.6	+0.9	4.40
Hambro Fund	133.2	142.5	+1.3	6.07
Hambro Acc. Fund	183.5	196.3	+2.2	4.64
Income Funds				
High Yield Fd.	64.8	69.2xd	+0.8	8.67
High Income	79.2	84.7xd	+0.8	7.64
Equity Income Fd.	45.7	48.9	+0.4	7.49
Govt. Secs.	26.4	27.1	+0.2	11.44
International Funds				
International	34.6	37.0	.....	2.16
Japan Fund	24.6	26.3	-0.2	0.24
Pacific Fund	64.8	71.5	-0.2	1.15
Secs. Of America	75.8	81.1	+0.1	1.97
Specialist Funds				
Smaller Co.'s Fd.	56.8	60.8	+0.4	4.28
2nd Smlr. Co's Fd.	69.2	74.0xd	+0.8	4.05
Recovery Sits.	138.3	148.0	+1.4	5.14
Met. Min. & C'dty.	68.6	73.4	.....	5.18
Overseas Earnings	68.9	73.7	+0.6	5.01
Exempt Funds				
Income Exempt	50.6	53.1	+0.6	8.00
Far East Exempt	70.7	73.5	-0.3	1.02
Smaller Co. Exempt	91.9	96.5	+1.2	4.15
U.S.A. Exempt	126.7	131.8xd	+0.2	2.47

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	40.8	44.0	-0.1	0.57
Cres. Internat'l.	80.1	86.5	+0.1	1.81
Cres. High. Dist.	44.0	47.5	+0.2	10.0
Cres. Reserves	50.0	54.0	+0.6	5.43
Cres. Tokyo	33.0	35.6	.....	0.98

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.2	25.6	.....	10.73

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Mar. 13	236.7	252.4	.....	5.20

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.4	.....	6.93
Gt. Winchester O'seas	27.6	30.6	.....	3.47

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	89.6	94.3	+0.8	4.59

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	35.0	37.7	-0.2	0.71
Amerl. Spec. Sits. (z)	25.5	27.5	-0.3	0.82
Gilt + Fixed Int.	25.6	26.9	+0.1	11.77
Growth + Income	31.6	34.0	+0.3	7.05
Maximum Inc. Eq. Tst.	26.6	28.7xd	+0.1	8.80
Special Sits.	40.0	43.1	+0.2	1.80

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	38.3	41.2	.....	2.14
Accum. Units	47.5	51.1	.....	2.14
J. Finlay High Income	35.0	37.6xd	.....	10.30
Finlay Wld. Energy	18.0	19.3xd	-0.1	1.93
Accum. Units	23.1	24.8xd	-0.2	1.93
J. Finlay Fd. In. Tst.	39.0	41.9	.....	5.15
Accum. Units	49.3	53.0	.....	5.15

Prices on Mar. 11. Next dealing Mar. 18.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	75.6	80.8	+0.2	0.83
Am. T'around	72.0	76.8	+0.2	1.56
Capital Tst.	59.8	63.8xd	+0.4	5.22
(Accum. Units)	63.2	67.4	+0.4	5.22
Convertible & Gilt	48.4	50.8	+0.2	10.00
(Accum. Units)	48.4	50.8	+0.2	10.00
Extra Income Trust	50.0	53.4	+0.4	[illegible]

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99⅞	91¼	Exch. 8¼pc 1981	99⅞	+⅛	8.31	11.65
99⅛	92¼	Exch. 9½pc 1981	99⅛	......	9.58	11.90
96⅝	85½	Exch. 3pc 1981	96⅝	......	3.10	11.39
99 11/16	96½	Treas. Variable '81§§	99 3/16	......	12.22	13.14
100⅝	95 3/16	Exch. 12¾pc 1981‡‡	100 3/16	......	12.71	12.13
97¼	88½	Treas. 8½pc '80-82‡‡	97¼	+1/16	8.74	12.02
95	82½	Treasury 3pc '82‡‡	94¾	......	3.16	9.13
102⅞	96⅝	Treasury 14pc '82‡‡	102 1/16	......	13.72	11.72
98¾	94¼	Treas. Variable '82§§	98⅝	......	12.30	13.27
95¾	86¼	Treasury 8¼pc '82	95 11/16	......	8.62	11.92
95⅞	86⅛	Exch. 9¼pc 1982	95 11/16xd	......	9.66	12.45
94¼	85	Exch. 8¾pc 1983	94 11/16	......	9.24	12.08
89¼	76½	Exch. 3pc 1983	89⅛	......	3.37	9.29
99⅝	90⅞	Treasury 12pc 1983‡‡	99 3/16	......	12.09	12.47
97 1/16	90⅝	Treas. Variable '83§§	96 13/16	......	12.52	13.74
94	84½	Treasury 9¼pc '83	94	......	9.84	12.28
102⅝	94¼	Exch. 13½pc '83	101⅞	......	13.25	12.61
94	84½	Exch. 10pc 1983	94	......	10.63	12.63
87¼	76½	Funding 5½pc '82-84‡‡	87⅛	......	6.31	10.90
97 1/16	87¼	Exch. 11¼pc 1984	96 5/16	−⅛	11.65	12.67
104 5/16	94½	Exchequer 14pc 1984	103 3/16	−⅛	13.56	12.73
80⅝	68¼	Exch. 3pc 1984	80⅝	+⅛	3.72	10.14
99⅝	88⅜	Treasury 12pc 1984	98¼xd	......	12.21	12.62
109 1/16	98	Treasury 15pc 1985	107⅝	+1/16	13.93	12.47
98⅝	96 13/16	Exch. 12pc Cnv. '85	98⅝	+1/16	12.16	12.44

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	64	......	7.94	12.22
84	73½	Alcan 10½pc '89-94	80	......	15.86	16.20
30	25	Met. Wtr. 3pc 'B'	29½	+½	10.22	12.35
106	89	U.S.M.C. 9pc 1982	106	......	8.73	—
96½	85½	Do. without Warnts.	96½	......	9.60	14.00

Financial

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
101½	93½	FFI 14pc '83	100⅞	......	13.88	13.58
91½	79½	FFI (UK Fn) 5½pc Db. '80-2	90xd	......	6.10	12.84
82½	71½	Do. 6¼pc Db. '81-84	82½	......	7.77	13.20
93	80½	Do. 10½pc Uns. Ln. '86	92½	......	11.62	13.90
92½	77	Do. 11pc Uns. Ln. '88	91½	......	12.30	13.05
96	82	Do. 11¾pc Uns. Ln. '90	91	......	13.24	14.80
101	84½	Do. 12½pc Un. Ln. 1992	90½xd	−½	13.81	14.20
67	56	Do. 7¼pc A Deb. '89-92	64	......	11.73	14.00
66½	51½	Do. 7¼pc A Deb. '91-94	60xd	+½	12.08	13.90
76½	64½	Do. 9pc 'A' '91-94	70½xd	......	12.76	13.90
71½	61	Do. 8¾pc Ln. '92-97	66	......	13.72	14.50

FOREIGN BONDS & RAILS

1980-81 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	58	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.10
58	18	Chinese 4½pc 1898	25	......	—	—
45	17	Do. 5pc 1912	18	......	—	—
24	11	Do. 5pc 1913	14	......	—	—
24	11	Do. 5pc '25 Boxer	13	......	—	—
97	88¼	Denmark 13pc 2005	93¾	+1	13	14.42

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURANCE

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

445	53	Colby Res. Corp.	210	......	—	—	—	
502	200	Cons. Murch. 10c.	235	......	t030c	1.8	7.3	
180	75	††Hemerdon 10c.	85	......	—	—	—	
225	36	Highwood Res.	140	+5	—	—	—	
585	300	Northgate C$1	375	−10	—	—	—	
*486	322	R.T.Z.	460	......	t16.0	3.2	5.0	
£115	£93½	Do.9¼%Cv.Ln.'95-2000	£108	......	Q9½%	—	f9.3	
143	91	††SPO Minerals 10p	139	......	—	—	—	
58	26	Sabina Inds. C$1	37	+2	—	—	—	
51	28	††SWCM 10p	34	+2	—	—	—	
650	411	Tara Exptn. $1	485	−5	—	—	—	

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......	**IRISH**		
Bertam	13	......	Conv. 9% '80/82	£94	......
Bdg'wtr. Est. 50p	540	......	Nat. 9¾% 84/89	£76¼	......
Craig & Rose £1	£11¼	......	Fin. 13% 97/02	£90¾	+¼
Fife Forge	41	......	Alliance Gas	54	......
Finlay Pkg. 5p	20	......	Arnott	235	......
Graig Ship. £1	£28	......	Carroll (P.J.)	84	......
Higsons Brew	68	+3	Concrete Prods.	90	−4
Holt (Jos) 25p	405	......	Heiton (Hldgs.)	38	......
I.O.M. Stm. £1	160	......	Ins. Corp.	235	......

[illegible]

OPTIONS

3-month Call Rates

[illegible]

Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	38	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lots"	4	MEPC	28
Bowaters	28	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¾
Burton	16	Mrks. & Spncr.	9	**Oils**	
Cadburys	6	Midland Bank	32		
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	10
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½	**Mines**	
Grand Met.	14	Tesco	5½		
G.U.S. 'A'	48	Thorn	25	Charter Cons.	20
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	16	Tube Invest.	18	Lonrho	10
Hawker Sidd.	20	Unilever	50	Rio T. Zinc	65
House of Fraser	15	U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Friday March 20 1981

Gilts reach 3½-month high

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PRICES OF gilt-edged stocks rose sharply yesterday to the highest level for 3½ months, though the City markets remained cautious about chances of an early cut in minimum lending rate.

The Government Broker sold more of the medium-dated tap, 12¼ per cent Exchequer 1990, at £15¾ in its partly-paid form, and there could be an attempt to buy out the rest today. Prices of longs rose by up to £1, partly because of a shortage of stock.

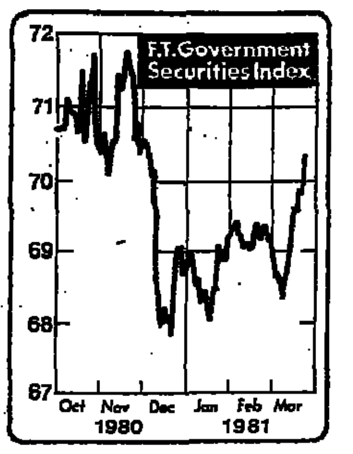
The FT Government Securities index has risen by 2¼ per cent since the Budget 10 days ago, largely reflecting the City's approval of the tightening of fiscal policy.

It has become increasingly clear that a main aim of the Budget is a reduction in interest rates. But the timing remains uncertain, and three-month interbank rate, a key influence on the cost of part of the clearers deposits, has risen by about ¾ of a point, to 12 7/16 per cent, in the 10 days.

The immediate monetary outlook remains murky. Bank of England figures published yesterday confirm that sterling M3, which includes cash and bank current and deposit accounts, rose by 0.9 per cent in the month to mid-February.

After allowing for special influences, the rise in the last year was 17.5 per cent, compared with a 7 to 11 per cent target range.

The rate of increase in the last three months has been around the upper end of the target range, and yesterday's figures suggest that bank lending to the UK private sector is rising by roughly £400m a month.



This is less than half the rate of a year ago, as industry's financial needs have been reduced by the succesful action to cut stock levels.

The money figures continue to be affected in many and mysterious ways by increasing international use of sterling.

Last month these external influences inflated the money supply, and in part offset very large sales of Government debt aimed at mopping up domestic liquidity. In addition, UK residents are increasing their foreign currency deposits.

The Government's efforts to boost national savings are clearly showing through in net sales of £467m last month, double the level of a year ago.

This total reflected sales of the inflation-proofed Granny bonds, the 19th issue conventional savings certificate, and the national savings investment account.

Since January inflows into the latter have been counted as national savings rather than used to purchase gilts.

Details Page 8;
Market report Page 34

Tricentrol group plans de-merger

BY RAY DAFTER, ENERGY EDITOR

TRICENTROL, the UK independent oil group, is to hive off its non-oil and gas interests, taking advantage of tax changes under last year's Finance Act aimed at encouraging de-mergers.

These interests, including the group's automotive, travel and trading subsidiaries, will be formed into a separate corporation later this year.

Tricentrol will concentrate on exploration and development in the North Sea, North America and other overseas regions, principally China.

The new company, still to be named, will continue to handle its commercial activities, although Mr. James Longcroft, group chairman, said in time it would concentrate on high technology projects.

None of the staff—about 3,000 in the commercial company and some 200 in the oil and gas undertaking—would be made redundant, he said.

Figures released yesterday show Tricentrol made a pre-tax profit of £39m on sales of £276.5m last year against pretax earnings of £21m in 1979. Virtually all the profits came from the stake in the North Sea Thistle Field (£34m) and oil and gas interests in the U.S.

Income from commercial operations fell from £2.5m in 1979 to £333,000 last year. During the second half the non-oil companies traded at a loss.

Mr. Longcroft, who is expected to emerge as chairman of both de-merged companies, said there would need to be some capital restructuring to protect the new enterprise against "predators."

"We are not going to put it on the market until we know it is going to be a goer," he said.

The prospectus is expected to be published in September when Tricentrol shareholders will be offered a stake in each of the de-merged enterprises.

Mr. Longcroft said the oil and gas business would benefit from the change, particularly in North America where financial advisers had suggested that a "clean" energy company would find it easier to make acquisitions.

Mr. Peter Moody, managing director of Tricentrol Industrial Corporation, said the non-oil business would benefit from being a self-contained industrial enterprise.

The industrial companies increasingly had taken a secondary role, after being at the centre of Tricentrol's operations during the early days of North Sea Oil development.

At least £5m is to be injected into the proposed company to strengthen its capital structure. Tricentrol Oil Corporation has earmarked capital expenditure of about £20m this year, including up to £13m for the North Sea. Tricentrol Oils in North America expects to spend £20m to £40m.

"The Chancellor has made it more attractive to take more of our exploration budget to the U.S. at the moment," Mr. Longcroft said, criticising the increasing North Sea tax burden. Tricentrol would have to reconsider its involvement in future development projects in the Thistle Field area, he said.

The group is a partner in the British National Oil Corporation consortium which has just postponed the development of the Area Six discovery close to Thistlie in block 211/18 because of the tax increases.

Tricentrol shares rose 18p on news of the de-merger proposals, closing at 306p.

Alan Friedman writes: Tricentrol's £5m cash injection into the non-oil side will be used to reduce borrowings before the de-merger takes place. When the non-oil business becomes a separate publicly-quoted company, it will have a market capitalisation of about £12m, according to Tricentrol.

The company indicated it would not de-merge until it had ensured "adequate safeguards" to prevent a takeover bid for the non-oil venture. This would be achieved by arranging "a form of underwriting" to protect the shares if existing shareholders decided to sell them.

Details, Page 25

Foot and mouth hits Jersey

By Richard Mooney

A FULL-SCALE animal health cordon has been thrown around the Channel Islands following confirmation of an outbreak of foot and mouth disease on Jersey.

The islands have been declared an affected area, the Ministry of Agriculture said yesterday. Animal imports to Britain have been banned and returning farm vehicles are being disinfected.

Travellers to the islands are being urged to keep away from farm animals and not to bring back any animal products. UK farmers have been asked to keep a special watch for suspicious symptoms and to notify the police if any appear.

Britain's last foot and mouth outbreak was in 1967 and 1968. More than 442,000 cattle, sheep, pigs and goats were destroyed and compensation paid to farmers totalled more than £27m.

The Jersey incident follows an outbreak in St. Malo, on the French coast, and the two are believed to be linked. The disease could have been transported by wind or bird. It is more likely to have crossed the narrow stretch of water with workers coming to the islands for the fruit and vegetable harvests.

Weather experts say winds are not likely at present to bring the disease to the British mainland.

Seven Jersey cattle have been slaughtered but if the disease spreads the damage could be much worse. In the 1958 outbreak the island's entire cattle herd had to be destroyed.

Confirmation of the outbreak followed analysis of samples from affected animals at the Animal Virus Research Institute at Pirbright, Surrey.

THE LEX COLUMN

Buying time for ICL

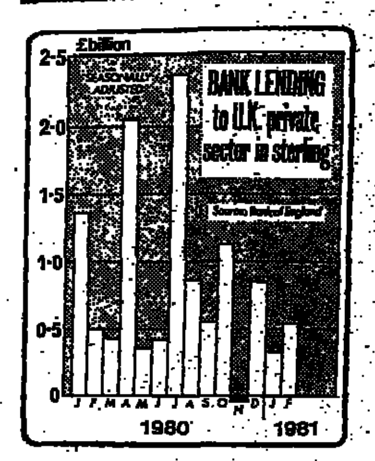
The Government's £200m loan guarantee can only be a first step to the solution of ICL's problems. It is now up to the management to make use of the period under the umbrella to work out a long-term strategy. A take-over presumably cannot be ruled out in due course, but the shares are bound to tumble this morning as immediate speculative hopes are punctured. And even looking further ahead the Government may have something to say on any foreign take-over of ICL, given that it has made the strategic importance of the company a key element in justifying its intervention.

The immediate reason for the intervention is that the company's banks—Barclays, the Midland and Citicorp—have threatened to refuse to commit more funds. Last year there was an overall cash outflow, including credits for exports and the leasing offshoots, of approaching £100m, and this was associated with a pre-tax profit of £25.1m. In the current half ICL has implied that the pre-tax loss will be in the region of £35m, but has suggested that the cash outflow for the full year could be contained to £60m. However, it looks very much as if the projections consistent with this outturn given to the banks in early February have already proved too optimistic. Outside forecasts of ICL's cash needs this year have ranged between £100m and £150m—which would produce a hopelessly over-geared company with shareholders' funds of about £100m and total debt of above £250m.

The ICL saga is turning into a test case not only for the Government's industrial policy but also for the role of institutional shareholders. It is not much more than a year since ICL was finally fully privatised, with nominal ownership passed over to the investment institutions. But not only has ICL failed to communicate effectively with its new owners, but the institutions have been very slow to respond to the company's obvious plight.

The City's main reaction, as usual, has been to hope for a quick rescue takeover bid. For the typical pension fund manager ICL has become an embarrassment he would rather get rid of quickly. Unless ICL's shareholders can be organised into some sort of effective body, there is a risk that they will lose whatever equity they still have in the company. Potentially ICL remains an attractive company in a growth sector, the kind of investment that fund managers were scrambling for only a few months ago. But at the very least, major management changes and a revolution in communications are called for if ICL is to have any independent future in the private sector.

Index rose 5.6 to 496.7



BICC

BICC pulled out is preliminary figures ahead of schedule in connection with a share placing yesterday — and they look good. The profits increase already forecast for the year turns out to be a £9m rise to £74.6m pre-tax, and the dividend is to go up by a tenth. Debt has fallen over the year, which means that gross borrowings may now represent around 35 per cent of ordinary shareholders' funds, compared with 46 per cent a year ago.

The profits gain has come despite an adverse swing on overseas copper stocks from a credit of £6.2m in 1979 to a debit this time, so the rise in current cost profits should compare favourably with the historic cost performance. The main gain has come in the cables business, which has been extensively rationalised in recent years. Profits here could have risen to almost double 1979's £10m pre-tax.

Although the growth rate tailed back sharply in the second half of 1980, BICC expects to make further progress this year thanks in particular to its overseas side — half its profits — and to expanding exports. The shares stand at 213p, more than double last year's low point, and yield 6.3 per cent.

Cadbury Schweppes

Cadbury Schweppes 7 per cent improvement in pre-tax profits to £61.3m amounts to an encouraging performance in a year which presented difficulties for all sorts of reasons like confectionery trade destocking and a wet summer in the UK, and a stepped up competitive battle between Coke and Pepsi in the U.S. The benefits of the group's efficiency programme have evidently been coming to the fore at the right time. But, it is noticeable that the group's rate of profits growth was less impressive last year in the big UK and U.S. markets than in the smaller countries like Australia, Canada and South Africa.

In the second half the weather held back the UK drinks side but confectionery demand appears to have recovered from its earlier nasty slump. A policy of concentrating on a relatively narrow range of the strongest brands appears to have succeeded, and has certainly helped Cadbury to operate at a lower level of stock and thus push net borrowings slightly lower. The jump in dollar interest rates bit into the trading gains, however, and anyway the U.S. performance was sluggish with sales of the new drink Rondo falling short of budget.

So far this year the group is again showing growth, and at 83p, up 5p, the yield of 7.3 per cent is backed by full current cost cover.

Gilt-edged

Whereas in early March the short end of the gilt-edged market was making all the running, in the last few days since the Budget the longs have taken over as the favoured area. The short market is held back by tight money (although the £50m new bond for Sweden was well over-subscribed yesterday) and the mediums by the apparently inexhaustible 1990 stock, which has been supplied at six prices but has not yet run out.

Long bonds, though, put on a point yesterday, helped by falling U.S. rates and some encouraging detail in the February money figures. Sterling M3 was inflated by external items, but domestic credit expansion was the lowest monthly figure for a year, with sales of National Savings, at £470m, particularly buoyant.

So the market was able to brush off the possibly ominous implications of the ICL rescue, particularly since the big jobbers seemed to be very short of long-dated stock. The days are past when the Government Broker would issue a new long tap just to let the jobbers cover themselves, and the authorities will be anxious not to queer the pitch for the launch of the Indexed stock next week. But a new short tap must be likely soon.

Bank union urges tax block

By Philip Bassett and Nick Garnett

Computer and clerical staff at 13 UK banks are being advised by their union to support pay strikes in the Civil Service.

They are being asked to black cash transfers into and from six Bank of England accounts which the Inland Revenue has asked major organisations to use to pay their taxes.

The Council of Civil Service Unions is urging businesses not to take up the suggestions from the Inalnd Revenue on Pay As You Earn and National Insurance contributions, and from Customs and Excise on value-added tax, to pay through bank or Post Office giro to circumvent strikes at key computer centres in the Civil Service.

The unions have taken a half-page advertisement in today's Financial Times to put their case to employers and registered VAT traders.

The Banking, Insurance and Finance Union (BIFU) is also advising computer staff to black transfers at the Bankers' Automated Clearing Services. The paying-in slips to be used by businesses can be identified by six sorting code numbers the union is issuing to its members.

The union is asking members to black the payments, both when they are passed over the counter at bank branches and at the main computer centres. The BIFU would seem to have a greater chance of interrupting the payments at the computer centres because of its greater penetration in those areas.

The five English and three Scottish clearing banks, the Trustee Savings Bank group, the Yorkshire, Co-operative and Standard Chartered banks and Barclays Bank International are being asked by the BIFU not to request staff to handle the work.

The Civil Service unions yesterday advised businesses that they need not pay VAT, PAYE, or other taxes hit by the dispute because payments might be lost, or not properly recorded, and because they might face a repeat of their demands when the strikes were over.

Union leaders said they were not suggesting that anyone should break the law. Both Customs and the Revenue pointed out that there was a statutory obligation to make such tax payments.

Two hundred civil servants in Whitehall's defence communications centre will strike for 24 hours today. The unions claim this will cause further disruption to and embarrassment about the NATO Wintex exercise, which is ending today.

Unions will announce today further disruption to air and sea ports at the weekend.

Strike effects, Page 8

Prudential of U.S. bids for Bache

BY DAVID LASCELLES IN NEW YORK

PRUDENTIAL Insurance of America, the largest U.S. life insurance company, last night announced a take-over offer for the Bache group, a leading Wall Street brokerage firm.

The deal is worth $385m (£165m), making it the largest bid ever made for a brokerage firm. It would also make Bache the only firm among the top U.S. brokerage houses to be owned by a company outside the industry.

With a capitalisation of $285m Bache ranks number eight in the U.S. broking league. Its strength lies in its large retailing network, which has nearly 200 offices, in North America, Europe and the Far East, operated by Bache Halsey Stuart Shields, its main subsidiary.

It is also a leading dealer in commodities and metals, and bought a precious metals smelting company this week.

News of the bid came as Bache was trying to fend off an unwelcome advance from a wealthy Canadian family, the Belzbergs, who have been steadily accumulating Bache shares over the past year or so.

The Belzbergs, who own nearly 23 per cent of the shares, said yesterday they had no comment on the bid.

Although there have been plenty of takeovers in Wall Street in recent years, most of them have been by other broking and investment concerns.

In recent times no major broking house has been wholly taken over by a company outside Wall Street. This is why there is concern that this bid could set an unwelcome precedent.

Like most of Wall Street, Bache has been enjoying record earnings in recent quarters, thanks to soaring volume on the U.S. exchanges. In the six months to the end of January it earned $25m, up nearly two-thirds on the previous year.

Philips' net profits fall by 42%

By Charles Batchelor in Amsterdam

PHILIPS, the Dutch electrical group, recorded a 42 per cent fall in its net profits last year, to Fl 328m (£63m).

The outcome compares with a restated Fl 564m in 1979. It reflects the pressure of growing competition, especially from Japan, on Philips' prices in many product areas at a time when costs went up sharply. High interest charges also hit profitability.

Sales increased by 10 per cent to Fl 36.5bn though in volume terms sales were only 7 per cent better than in 1979.

Operating margins fell to 4.3 per cent of sales, compared with 5.4 per cent in 1979, with operating profits down from Fl 1.7bn to Fl 1.5bn.

In spite of the profits setback, which brought profits per share down from Fl 3.29 to Fl 1.92, the dividend is unchanged at Fl 1.80.

Safeguard plan on information

THE GOVERNMENT has decided in principle to introduce legislaiton to safeguard personal information handled by computers, Mr. William Whitelaw, Home Secretary, announced in a Commons answer last night.

This would enable the UK to ratify the convention concluded by the Council of Europe. The Goverment proposed to sign the convention at an early date.

IBA and Trident fail to reach a conclusion on Yorkshire TV

BY ARTHUR SANDLES

TALKS BETWEEN Trident Television and the Independent Broadcasting Authority over the future of Trident's subsidiary, Yorkshire Television, have failed to reach a conclusion.

The IBA will now hold talks with other interested parties to try to find new owners for Yorkshire Television with Trident retaining only a small interest.

More than two months ago Trident was told to offload the bulk of its holdings in Yorkshire and Tyne Tees or the companies might not have their ITV contracts renewed.

Trident's proposals for changes in the Shareholdings at Tyne Tees have been accepted by the IBA. This is not the case with Yorkshire.

After meeting the IBA last night: "In the case of Yorkshire the authority proposes to continue seeking the best way of assuring that a soundly based company of network status serves the region.

"The authority will now engage in immediate discussions with both Trident and with those who last year expressed interest in funding new television companies and who have indicated to the authority that the interest which they expressed during the franchise process in funding television companies is still active."

The authority hopes to complete the deals relating to Yorkshire and Tyne Tees Television by April 7.

The IBA appears embarrassed over its entanglement in the Yorkshire affair. It is refusing to make public comment beyond its official statement. It seems, however, that not everyone takes as optimistic a view of Yorkshire's revenue and viability prospects as the IBA.

The authority is determined to keep Yorkshire as a network company—but, there are doubts elsewhere over the ability of the Yorkshire revenue base to fund such a company.

The past few weeks' wrangling have been over Trident's plans to produce what it sees as an attractive package to tempt outside investment.

These plans have led to a series of meetings involving Trident, its financial advisers, and the authority. It is being suggested that the IBA did not realise the full financial and legal implications of its proposals which would amount to a de-merger, permitted under the 1980 Finance Act. The proposals were made last December by the authority's retiring chairman, Lady Plowden.

The problems have been inherited by Lord Thomson of Monifieth, new IBA chairman.

The Tyne Tees scheme, which although accepted, is not yet finalised, involves Trident retaining ownership of the buildings and some equipment and leasing them to the new company. Tyne Tees is seen to be potentially profitable.

Mr. Ward Thomas, Trident chairman, welcomed the IBA statement and said he was glad the authority was "prepared to continue discussions with us on Yorkshire Television."

As far as Yorkshire is concerned there is a great deal more negotiating to be done. Although the IBA intends to take an active role in finding new shareholders in the company—and although it privately suggests that quite a few people may be interested—there is still a possibility that Trident will decide that its shareholders would be better served by finding a bidder for Yorkshire's assets.

This would force the IBA into re-advertising the contract which, so far, it has steadfastly avoided doing.

The new contract period starts at the end of this year so the IBA is under considerable time pressure. If all goes well Trident Television will complete both the Tyne Tees and Yorkshire deals by September and the company will become simply a cash rich owner of a safari park and various peripheral television and leisure interests.

Weather

UK TODAY

Showers and sunny intervals in the South, some snow in the North.

London, S.E., S.W. and Cent. S. England, E. Anglia, E. Midlands, S. Wales, Channel Isles
Bright intervals, occasional showers. Max. 11C (52F).

E. an dCent. N. England
(48F).

Rest of England, Isle of Man, S.W. and C. Scotland, N. Ireland
Rain at times, snow on hills. Max. 9C (48F).

Rest of Scotland, Orkney, Shetland
Snow showers, sunny intervals. Max. 4C (39F).

Outlook
Becoming windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	L.Ang.†	C	14	57
Algiers	S	18	64	Luxmbg.	C	5	41
Amstdm	F	9	48	Luxor	—	—	—
Athens	F	15	59	Madrid	F	11	52
Bahrain	S	26	79	Majorca	F	15	59
Barclna.	S	14	57	Malaga	F	17	63
Beirut	S	28	82	Malta	—	—	—
Belfast	Sl	2	36	M'chstr.	R	8	46
Belgrd.	R	4	39	Melbne.	F	30	86
Berlin	R	8	46	Mex.C.†	—	—	—
Biarritz	F	13	55	Miami†	F	22	72
Bmghm.	C	9	48	Milan	S	15	59
Blackpl.	R	4	39	Montrl.†	F	−11	12
Bordx.	S	12	54	Moscow	S	0	32
Boulgn.	C	8	46	Munich	F	6	43
Bristol	C	9	48	Nairobi	C	26	79
Brussels	C	8	46	Naples	C	11	52
Budpst.	C	8	46	Nassau	—	—	—
Cairo	S	28	82	Nwcstl.	F	7	45
Cardiff	C	10	50	N.York†	F	−3	27
Cas'b'ca	R	17	63	Nice	S	14	57
Cape.T.	—	—	—	Nicosia	F	19	66
Chicg.†	C	−6	21	Oporto	F	2	36
Cologne	C	9	48	Oslo	F	2	36
Cprhgn.	F	6	43	Paris	C	8	46
Corfu	C	12	54	Perth	S	23	73
Denver†	F	−1	30	Prague	F	6	43
Dublin	R	9	48	Rykjvk.	F	−7	19
Dbrvnk.	C	10	50	Rhodes	F	16	61
Ednbgh.	F	8	46	Rio J'o†	—	—	—
Faro	C	17	63	Rome	S	14	57
Florence	F	13	55	Salzbrg.	F	8	46
Frankft.	C	7	45	S'cisco†	C	11	52
Funchal	F	17	63	S.Mritz.	—	—	—
Geneva	S	5	41	Singapr.	F	30	86
Gibrltr.	C	16	61	S'tiago†	—	—	—
Gl'sg'w	F	7	45	Stckhm.	Sn	0	32
G'nsey	C	8	46	Strasbg.	C	10	50
Helsnki	Sn	−2	28	Sydney	F	26	79
H. Kong	R	21	70	Tangier	C	19	66
Innsbrk.	S	5	41	Tel Aviv	C	24	75
Invrnss.	C	5	41	Tenerife	S	11	52
I.o.Man	R	4	39	Tokyo	—	—	—
Istanbul	C	12	54	T'r'nto†	F	−12	10
Jersey	C	8	46	Tunis	F	14	57
Jo'burg	—	—	—	Valencia	F	16	61
L. Plms.	F	21	70	Venice	S	15	59
Lisbon	C	15	59	Vienna	C	7	45
Locarno	S	15	59	Warsaw	C	2	36
London	C	10	50	Zurich	S	7	45

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperature.

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